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JPRS-EEI-84-045

18 April 1984

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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18 April 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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INTERNATIONAL AFFAIRS

MACEDONIAN DAILY ON BULGARIAN 'GUESTWORKERS' IN USSR

AU291251 [Editorial Report] Skopje NOVA MAKEDONIJA in Macedonian on 18 March on page 4 carries a 1,000-word report from Sofia dated March by permanent correspondent Dusko Malevski on Bulgarian workers in the USSR. Malevski first gives figures on Soviet-Bulgarian trade, adding that "about 70,000 Bulgarian experts and workers have had additional training in the USSR and that many thousands of Soviet experts have worked and are working in Bulgaria."

"Within the wide framework of such a cooperation," Malevski then says, "there is one activity occurring about which little has been known. For several years now, Bulgarian 'guestworkers' [German term "gastarbeiter" used] have been working with in the Soviet borders--from the Komi forest taigas to Caucasus slopes, from western Siberia to the southern part of the Volga River." The first carpenters arrived in the Kom in 1968 and their present number has been estimated at 15,000 to 20,000. The number of all Bulgarian workers on a score of other construction sites has been estimated at as much as 50,000. "During recent years, they have participated in the construction of five large industrial projects and of 25 compressor stations at main oil and gas pipelines. Bulgarian builders have constructed about 7000,000 square meters of housing and 185 administrative and cultural buildings in various parts of the Soviet Union."

Malevski further quotes a report on a "recent conference of the united BCP organization in the Soviet Union" which states that the carpenters in the Komi forest taigas "live and work under extraordinary and difficult conditions, but are adequately rewarded for that." According to this report, there is a mutual agreement that these workers should provide certain quantities of timber material, cellulose, oil, metal, and natural gas. It is planned that Bulgarian industry delivers 50,000 metric tons of cellulose annually, but, Malevski quotes the aforementioned report again, "it has produced too little for the third year in a row now," and the quality of the construction works "is not always satisfying."

Apart from this site, "Bulgarian workers also work in Ust-Ilimsk, construction sites in Tyumen Oblast, on the so-called Kursk magnetic anomaly, in Arkhangelsk, and in Zheleznogorsk."

Malevski then goes on to list "personal advantages" that Bulgarian workers in the USSR achieve: personal incomes estimated at about 180 leva and when they return home they have priority in getting apartment or a better work place and a privilege to buy in special shops that sell more luxurious goods imported from the West.

Apart from these workers, there are about 4,000 Bulgarian citizens studying or acquiring additional training in the USSR and as for the number of Soviet experts in Bulgaria, Malevski supposes that it must be considerable, judging from the fact that technology is mostly Soviet and from frequent newspapers articles on their role and help. A recent issue of RABOTNICHESKO DELO carries a poem entitled "Soviet Experts," he says, which expresses "great love and gratitude to them."

CSO: 2800/272

AGRICULTURAL COOPERATIVES PREPARING FOR CONGRESS

Prague RUDE PRAVO in Czech 17 Feb 84 p 1

[Editorial: "Looking Forward to the Congress of Unified Agricultural Cooperatives"]

[Text] The degree of advancement and the successes of our agriculture are judged by the general public on the basis of the momentary supply of foodstuffs on the market. Although this supply is at a high level, it is a viewpoint simplified and often even distorted by the effects of many additional factors. Only through a long-term comparison is it possible adequately to appreciate what our socialist agricultural mass production has managed to achieve, the contributions it has made to improving the standard of living in general and material consumption in particular.

Such an overall assessment of what has been accomplished so far will be made by the 10th Congress of Unified Agricultural Cooperatives convened on the basis of a decision reached by the CSSR Government, The Central Committee of the CSSR National Front and the Association of Cooperative Farmers, to take place in Prague by the conclusion of the current year. In the sphere of the state sector such as assessment will be provided by work conferences of state farms in the two republics.

The JZD [unified agricultural cooperative] Congress will meet in the 35th year since the resolution of the Ninth CPCZ Congress regarding the transition of our villages to the path of socialist agricultural mass production through the establishment of JZD's. In the 35 years of socialist reconstruction Czechoslovak agriculture made significant advances in the development of production, in improving the social and living conditions of farmers and in their social standing. Under CPCZ leadership there occurred the transition to mass-production-type organization of labor in which scientific and technological progress is finding an increasingly wider application.

In the course of the above-mentioned period agricultural production registered a more than twofold increase. Substantial increases were achieved in the yield of most plants, and a conspicuous increase was achieved in animal production. Meat production per hectare of agricultural land increased more than four times, milk production approximately 2.5 times. Labor productivity in agriculture marked an almost fivefold increase. On an acreage of 0.44 hectares of

agricultural land per inhabitant it is now possible to meet almost 94 percent of food consumption from our own agricultural production.

The Seventh 5-Year Plan calls for achieving a 5.2 percent increase in agricultural production, primarily by increases in plant production, which is to account for 87 percent of it. Along with changes in the internal structure of plant and animal production, 70 percent of the increase in animal production is to be covered by the development of horned cattle keeping.

From these basic objectives of the 5-year plan it is obvious that their attainment will be decided primarily by utilization of untapped resources in agriculture--i.e., intensification of production with maximum utilization and valorization of all resources, primarily soil, the biological potential of plants and farm animals, fertilizers, chemical agents, fodders and energy. This means extracting out of every single hectare of soil, each kilogram of fertilizer, from each unit of energy the highest possible production result. The basic prerequisite for this is more effective application of R&D findings, promotion of job-related qualifications, initiative and activity of workers in every agricultural enterprise and an overall improvement in the quality of management.

All of the above also constitutes the thematic content of annual membership meetings of JZD's progressing currently in February and the first half of March. Annual meetings were and are preceded by production consultations in individual sectors at which workers evaluate the attained results, analyze the causes of successes and failures and propose specific measures for further improvements in joint management, its intensification and promotion of economy and improved quality of production.

The initial findings from production consultations that precede annual meetings reflect primarily the lively interest shown by members of cooperatives in finding ways and means for more effective farming, eliminating the causes of various shortcomings and improving the quality of management of their enterprises. In familiarizing themselves with this year's plan in individual centers and sectors, the members often talk of unused resources in plant and animal production, in the use of mechanization, and the ways of assessing the turned-out production. Production consultations are participated in by representatives of cooperatives who acquaint themselves with many valuable facts in discussions with workers.

The gradual merging of cooperatives and establishment of larger economic entities--which undoubtedly made many positive contributions--naturally also produced conditions that are less conducive to joint negotiations involving production and economic tasks and objectives. It never was a problem for 100 members of a cooperative to discuss all matters jointly, but it is hard to organize such a joint meeting in an enterprise with several hundred to a thousand members. The form of consultations by representatives of individual sectors with the management of a cooperative, submitting reminders from below and instructions from above, is hardly a substitute. Thus, all the more valuable is this year's organization of production consultations at which the management of a cooperative meets with all the workers in a given sector, discusses with them all problems and in this manner actually prepares the agenda for the annual meeting from many valuable suggestions and reminders.

The orientation of discussions now under way in our agriculture is determined primarily by pre-congress theses issued for preparations for the 10th Congress by the Federal Ministry of Agriculture and Food, the Central Committee of the Association of Cooperative Farmers and the Central Committee of the Union of Workers in Agriculture. The objective of this documentation is to enlist the help of cooperative farmers and of all other workers in meeting the tasks of 1984 and of the entire Seventh 5-Year Plan, to outline specific procedures for meeting the stipulated tasks under the conditions of each enterprise and exceed them in socially desirable direction, to spark further the development of initiative and of socialist competition.

It stands to reason that the entire pre-congress discussion that will last until autumn, until the JZD district conferences, will affect the continued development of agricultural mass production itself, and also the orientation of activities in a much wider context, e.g., in relation to the services performed on behalf of agriculture, supply sectors as well as such important matters as the protection and maintenance of the environment. RUDE PRAVO is also opening up its pages for coverage of this important discussion.

In the pre-congress discussion, starting with annual meetings of cooperatives and conferences of state farms, there is a need to concentrate attention on supporting everything which will intensify and accelerate the continued development of Czechoslovak agriculture, which will widen the extent of socialist competition in the maximum utilization of all means and resources. Some 75 percent of actively working members of cooperatives and 80 percent of workers on state farms now participate in socialist competition headed by brigades of socialist labor and by expeditor teams. They represent a great force which with proper orientation and support can yield a rich harvest to the benefit of our entire society.

8204

CSO: 2400/252

CZECHOSLOVAKIA

HORIZONTAL COOPERATION PREFERRED TO AGRO BUSINESSES

Prague HOSPODARSKE NOVINY in Slovak 3 Feb 84 p 3

[Article by Eng Ludovit Posa, CSc, worker at the CPSL Central Committee: On the Efficiency of Interenterprise Cooperation in the SSR"]

[Text] The concentration and specialization process in agricultural production has paved the way for the application and use of various forms of interenterprise cooperation. In this article I will concentrate on the tendencies in horizontal cooperation which comprises production relations among the enterprises with production and especially basic production of the same type.

In practice there are two basic organizational forms of horizontal cooperation: one in which a new legal entity comes into being and the other in which the original legal independence is preserved, that is, cooperative associations or simple cooperatives.

By simplification of production programs and exclusion of certain branches, interenterprise cooperation should contribute to further production cooperation and specialization. The present state of cooperation in the SSR affects the organization of agricultural production--crop production directly through agrochemical enterprises, and indirectly also livestock production (through concentration and specialization). According to the Research Institute of the Economics of the Agriculture and Food Industry the work of agrochemical enterprises accounts for approximately 30 percent of all chemicals used in crop production. Almost two-thirds of the work is carried out by the enterprises themselves or through other organizations.

Enterprise specialization is much more affected by interenterprise cooperation effected by the joint agricultural enterprises and cooperative associations. Credit is due to them for reducing the number of types bred and categories of animals in the enterprises, particularly by the elimination of egg production, and partly also of poultry and pig breeding.

Despite unquestionable successes, interenterprise cooperation has been lagging behind the needs of efficient production, and production carried out

through cooperative cooperation does not account for very much in the total production volume of cooperatives and state farms. The quantity of products delivered and sold by the member enterprises in the cooperative arrangement is small and, according to the Research Institute of the Economics of the Agriculture and Food Industry in Bratislava, represents only 2 percent of their gross agricultural production. This rather insignificant volume of mutually exchanged production and services does not make it possible for the agricultural enterprises to engage in specialization more intensively.

Joint Agricultural Enterprises

The higher level of organizational stability was evinced by the form of joint agricultural enterprises, 124 of which were in operation in the SSR as of 1 January 1983. Their activity was positively reflected particularly in the branches less dependent on soil, especially in poultry production and to some extent also in pig production, by the application of elements of research and development, and also by the economic effect. In other branches of production (such as cattle breeding) and services (agrochemical enterprises and "agrostavy"); however, the form of joint enterprises did not prove advantageous. A considerable number of member enterprises in these cooperatives with a legal entity have not shown sufficient interest in their expansion primarily because they are not able to render prompt, quality and cheap services in nutrition, protection of plants, construction activities, and so on. Moreover, they do not represent a source of profit for the association members.

Their mutual links gradually weaken. The cause is the decline in the profitability of some branches, particularly in the joint enterprises engaged in livestock production, whereby competitive relations arise between the member organizations and the joint agricultural enterprise itself. A serious shortcoming is also the violation of democratic principles of management in joint enterprises, since the share of member organizations in their management has been reduced to a minimum.

The process of reorganization of agricultural primary production is dependent mainly on the degree of technical and especially biological development and is affected by the different conditions for the establishment of specialized production units in individual branches of agricultural production. This forces us to take a different approach to the processes of production concentration and specialization, and to employ different organizational forms.

Economic Criteria Are Essential

Past findings, however, prove that, due to the complexity and difficulty of economic quantification, it was the technological and technical criteria that prevailed in establishing joint enterprises. In view of the necessity to strengthen the economic stability of joint agricultural enterprises, mergers gradually took place in the 1970's. In most okreses joint enterprises with jurisdiction over the entire okres were set up. These organizational changes

had an economic background. Joint enterprises with diversified operations have a better possibility of equalizing the changing economic conditions by transferring funds from the more profitable to less profitable branches. They allocate more funds to expanded reproduction and do not ask the member organizations for additional funds.

In the development of joint agricultural enterprises of all types, so far those specializing in poultry breeding have achieved the overall best results. The popularization of their experiences is necessary for the benefit of the entire society. Because of the declining profitability of this branch, however, those economic conditions which will prevent joint enterprises from becoming competitive with the poultry products produced by agricultural enterprises must be created as soon as possible.

The production and economic results achieved by the majority of joint enterprises specializing in the production of pork are not satisfactory. The problems lie in the inadequate preparation of the project and insufficient equipment, but also in the declining profitability of pig breeding. It is therefore imperative to analyze consistently every single joint agricultural enterprise operating at a loss, and then on the basis of the comprehensive analysis to decide whether the existing organizational form should be kept. Even a change in the organizational form, such as converting it to the enterprise basis, does not represent a solution to the problem because such enterprises lack the soil basis and therefore possess only limited possibilities of reducing the standard consumption of grain fodder by using more potatoes, beets, and so on.

Nor do the joint agricultural enterprises for research or breeding of beef cattle attain the required effect. A serious problem is that they cannot meet the member enterprises' demand for the animals necessary to establish a herd and that, on the other hand, the member enterprises do not supply them with the necessary fodder, particularly roughage. Although in comparison with the agricultural enterprises the joint enterprises for calf raising achieve more favorable results (their production cost is lower) with regard to a number of indicators, we must judge them comprehensively. It is necessary to take into account the state of stress arising during transportation, and so on. For all these reasons we give a great deal of thought to whether we should continue setting up additional joint enterprises for beef cattle breeding.

Form Alone Is No Guarantee of Success

Recently attention was focused on joint enterprises engaged in the production, processing and sale of fruits and vegetables. In expanding this cooperation we sometimes see a somewhat unilateral "panacea" for a more purposeful vertical management of fruit and vegetable production. The organizational form alone is not a guarantee of success so long as the basic production prerequisites, that is, biological, economic and other conditions, are not met.

In most instances, greater activity of agricultural enterprises in the finalization and sale of products is more advantageous than the organization of new joint agricultural enterprises "from scratch."

In order to create stable prerequisites for the expansion of cooperation, it will be imperative to define (for individual types) economic criteria on the basis of a differential approach--from the standpoint of the different economic function which the joint enterprises perform for the member organizations.

The cooperatives of the narrower and broader type (there are virtually only cooperatives of the narrower type in Slovakia) have not developed so far as originally anticipated, either in terms of numbers or their features and quality. As of 1 January 1983 there were 125 cooperative associations in the SSR, 58 of which were engaged in cooperation in livestock production. The second most widespread activity--despite a decline in the number of cooperative associations--in the production of forage cakes and baled fodder (41), while 13 cooperative associations work for the rational utilization and acquisition of equipment.

The effort to establish cooperative associations for the territories of entire cooperative districts turned out to be premature. It did not take sufficiently into account the requirement of gradual expansion of enterprise boundaries by stages in concrete production activities and production services which, after the production links have been established between individual JRD's [unified agricultural cooperatives] and SM's [state farms] over an increasingly larger area, can gradually grow into the originally planned comprehensive cooperations extending over the entire district. In practice we can notice uncertainty on the part of enterprises which led, particularly in the procurement of materials and equipment, to an unwillingness to sign precisely worded cooperative agreements. The middle levels of management have not lent sufficient support to the development of cooperative associations because they have not regarded them as equal partners in the implementation of production plans.

Advantages of Cooperation

Also somewhat ignored was the principle that cooperation was not needed in all production forces in individual branches and production activities has reached a different level, and there are also differences in the size of agricultural enterprises themselves. This differentiation determines the degree to which cooperation is advantageous.

An obstacle to the positive development of horizontal production cooperation was also its haphazard nature. With a few exceptions, the establishment of cooperative associations was not preceded by a serious project preparation which would have at the outset formulated concrete production, organizational and socioeconomic goals.

In the future it will be necessary to justify the need for various types of partial cooperative for individual size groups of agricultural enterprises or

groups of enterprises brought together according to the long-term production programs within their jurisdiction.

In this context it is instructive to mention the development of experimental cooperative districts in the SSR. For the purpose of verification, three cooperative districts were selected: Sala, Safarikovo and Spisska Nova Ves. They were set up for the purpose of verifying in advance the new elements of cooperative activity, of publicizing them and of assisting in establishing new cooperative associations. It is precisely this role which has receded into the background in the activity of experimental cooperative districts so far. Although the cooperative districts verify some progressive elements of cooperation and popularize their experiences, they do not do so properly and do not make their experiences sufficiently available to other cooperative districts. The selected cooperative districts have so far failed to perform the function of a vanguard which would lay down orientation for others. We may mention perhaps as the only example the Sala cooperative district in the Galanta okres, with its application of technological systems in corn growing.

What Cooperation Should Be Expanded?

In what directions should we then increase horizontal cooperation? On the basis of practical experience it seems that it should be particularly through simple forms of cooperation between enterprises, without a merger of funds and without the establishment of new managing organs, but with emphasis on the seasonal employment of special-purpose machines, most effective use of production and warehouse capacities, pastures, animal breeding, and so on. The contracts must contain a precise description of the subject of cooperation, including the delineation of jurisdiction and responsibility of contracting parties with the penalty for the nonfulfillment of obligations.

Production cooperation can be effectively increased also in the future through the form of cooperative associations. For this purpose the respective regulations must more precisely define and the participants' organizational and management structure must uniformly reflect the position of common operations so that in the operators' general activities they will become an independent, specialized intraenterprise unit with the position of an economic center. In this particular cooperative form attention must be paid to the comprehensiveness of cooperative agreements and their long-term nature. The assistance of the middle level of management is required in this instance mainly in the organization of joint operations, even if this means adopting greater production tasks. Yet even this form by itself does not make sense if it does not represent a production and economic asset.

The cooperative associations of a territorial nature will be effective only after the establishment of properly functioning and economically efficient cooperative associations specializing in concrete activity in production or services. However, it will be necessary to examine scrupulously their mission, organizational form, legal status and eventually also other characteristic features. The functions of cooperative associations will always be in direct proportion to their jurisdiction. This will call for a compensation of the existing functions of the middle level of management which has not been even

theoretically elucidated so far. The question of whether it is desirable that these cooperative associations be granted extensive jurisdictions is therefore justified, because this will represent an additional level of management in our already rampant bureaucracy.

In the Czechoslovak agrocomplex at the present time it is horizontal cooperation and integration which prevails over vertical cooperation and integration, while these two forms develop more or less independently from each other. In order to make production more efficient, however, it is imperative to make sure that the orientation, scope and forms of horizontal cooperation are subordinated to the needs of vertical cooperation and integration.

10501

CSO: 2400/277

GENERAL ENGINEERING IN 1983-1984 SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 20 Jan 84 p 2

[Article by Jiri Poslt, deputy department head of the CPCZ Central Committee:
"General Engineering in 1984"]

[Text] As the preliminary results of the fulfillment of the 1983 state plan in general engineering reveal, the third year of the Seventh 5-Year Plan was on the whole successful.

The production of material resources increased both in terms of adjusted value added and commodity production. According to the calculations made so far, it appears that these results were achieved without an increase in consumption of fuels, electrical energy and ferrous metals.

All VHJ's [economical production units] of the general engineering sector made the planned deliveries to domestic trade. The key factor therein were automobiles, whose planned number will be reached despite the increased requirements for export to nonsocialist countries. The expected higher fulfillment of deliveries to the market funds was primarily due to the following VHJ's Prague Czechoslovak Automobile Plants; Bratislava Strojsmalt; Prague Prago-Union, and Povazska Bystrica Antifriction Bearing Plants. Last but not least, the surpassing of last year's plan was made possible by supplementary production of consumer goods in demand by selected economic production units of the sector.

All VHJ's of the sector contributed to increased exports to the socialist countries. Despite certain deviations from the planned volume by some VHJ's, the sector as a whole succeeded in meeting the specified export margin indicator.

In export to the nonsocialist countries, however, the plan at FOB prices was not fulfilled. This was caused primarily by the failure to achieve the planned volume particularly in export of machinery for the textile industry, automobiles, engineering consumer goods, bearings and tractors.

Favorable results in the fulfillment of the plan of adjusted value added affected profit positively as well. Conditions were thus created for achieving the planned return on production assets, which in turn was favorably reflected in the enterprises' and economic production units' funds earmarked for financial incentives.

This generally favorable development was made possible by the performance of most enterprises and VJHs which met and even surpassed the planned production targets. This must be appreciated. However, mention must also be made of the uneven plan fulfillment in the course of the year and also of the instances where the plan was surpassed in the economically undesirable structure.

Systematic economic pressure for efficiency and economy, financial incentives and greater workers' initiatives resulted in the reduction of production costs, particularly in smaller consumption of fuels, energy, motor fuels, metals and partially also in setting the limits for them. This made possible the surpassing of the plan of profit and of adjusted value added. These savings and continuing structural changes resulted in the reduction of manufacturing consumption.

The 1984 plan anticipates exports to the socialist countries in the value of Kcs 31.4 billion at FOB prices, exports to the nonsocialist countries in the value of Kcs 9.3 billion at FOB prices and deliveries of engineering consumer goods to the market funds in the value of Kcs 17.6 billion (including deliveries of passenger cars). In comparison with 1983, labor productivity of the adjusted value added is to increase by 6.1 percent, while fuel and energy consumption in manufacturing is to decline by 3.5 percent.

In the office of the Federal Ministry of General Engineering, the 1984 plan calls for a substantial increase in the key categories of production use and in the economic indicators (adjusted value added and profit). With a 5.7 percent increase in commodity production, the deliveries to the market funds, for example, will increase by 11.5 percent at retail prices above the expected reality of 1983, deliveries for export to the socialist countries will increase by 7.5 percent at FOB prices and exports to the nonsocialist countries by 12.8 percent at FOB prices.

The task of attaining profit of Kcs 19.4 billion represents a relative increase of 18.9 percent in comparison with the 1983 reality and an absolute increase of Kcs 3.1 billion. The adjusted value added will increase by 7.6 percent. With a 6.1-percent labor productivity increase in adjusted value added, average earnings will increase by 0.9 percent above the 1983 reality. These relative increases in production and its use are to be achieved with a decline in or stagnation of inputs both in imports and actual material-technical procurement. The limit of 1,292,300 tons of metallurgical material set by the Seventh 5-Year Plan for 1984 will be further reduced in detailing by 68,000 tons.

Production in the automobile industry in particular will considerably increase in 1984: for example, 179,000 passenger cars will be manufactured (100.9 percent), 13,300 Avia trucks (104.7 percent), 13,000 Tatra T 815 trucks (135.4 percent). Production of tractors will increase by 2.4 percent (38,150), manufacture of machine tools by 5.9 percent, of machinery for the textile industry by 5.1 percent, of refrigerators by almost 3 percent (405,000, including 140,000 freezers), of bicycles by 10.6 percent (680,000), and so on. As a whole, the production volume and structure fully meet the needs in individual categories of use.

There are some spots in the 1984 plan on which extraordinary attention must be focused during its implementation. In manufacture, for example, this is in the first place the production of the planned number of Tatra T 815 trucks--an increase of 3,400 above the 1983 reality--which will involve a number of innovations and modifications. Among other tasks, this concerns, for example, the manufacture of modernized tractors by the Brno VHJ Agrozet and Martin Heavy Engineering Plants.

Exports to the nonsocialist countries are to amount to Kcs 9.3 billion at FOB prices. The present state of supplier-customer relations calls for extraordinary stringency in complying with the required structure of deliveries, among other reasons because of significant changes in the assortment which are taking place in export to the nonsocialist countries.

In the economic indicators there is an upward trend both in adjusted outputs and profit. These demanding tasks must be accomplished by a substantial reduction of material cost in the first place (with a relatively small increase in output). The demanding nature of this task can be seen from the fact that the rapidly mobilizable reserves (such as preferential pricing) were obviously depleted during the first 3 years of the current 5-year plan, and VHJ s and enterprises now face the task of implementing long-term measures.

In implementing the plan of technological development attention must be focused on the material fulfillment of tasks specified in the indicator "ratio of products of high technical-economic standards in the total commodity production." As the negotiations conducted so far reveal, the deliveries of such products in 1984 have been agreed upon by three VHJ s--Prague Czechoslovak Automobile Plants, Povazska Bystrica Antifriction Bearing Plants and Martin Engineering Machinery Plants.

The general engineering sector will make further, more intensive use of the Set of Measures for Improving the Planned Management System of the National Economy in 1984. In addition to the already verified new elements in the area of external relations by Brno Agrozet, Martin Heavy Engineering Plants and Mlada Boleslav Automobile Plants, an experiment started also in the Povazska Bystrica Antifriction Bearing Plants on 1 January 1984. The entire sector has been experimentally verifying since 1 January of this year the elements of management aimed at the more rapid application of the achievements of research and development.

10501

CSO: 2400/204

TRENDS, STRUCTURAL CHANGES IN CONSUMER BEHAVIOR

Less Foodstuffs, More Technology

East Berlin WIRTSCHAFTSWISSENSCHAFT in German No 3, Mar 84 pp 347-354

[Article by Dr A. Dippe, Karl Marx Party College, CC, SED and Dr H. Leger, Research Section, Ministry for Science and Technology: "The Greater Contribution of the Capital Goods Manufacturing Combines to Consumer Goods Production"]

[Text] A clear and mobilizing directive ranges from the Tenth SED Congress to the Seventh SED CC Plenum: The continuing consistent pursuit of the main task, the implementation of further important steps in direction the transition to the comprehensive intensification of socialist production, the more effective use of the available and efficient intellectual-creative potential and extensive material resources. This implies greater challenges to all sectors and branches of industry, especially industrial consumer goods production as the most important component of the SED's economic strategy. In his speech at the Seventh SED CC Plenum, Erich Honecker emphasized that "the most varied needs of our economic policy intersect in consumer goods production, a sector that is gaining greater and greater importance."¹ Consumer goods account for roughly a third of industrial goods production; they are made available predominantly to the retail trade.² Industrial consumer goods made up 14.2 percent of exports and 4.1 percent of imports in 1982.³ About four fifths of industrial consumer goods production are made available by the industrial sectors light industry, glass and ceramics industry, district managed industry and food industry; they employ a total of more than 900,000 working people.

Still, the growing importance of consumer goods production is not entirely due to its significance within the basic economic proportions. As in no other sector or branch of industry, many complex effects arise from consumer goods production and decisively affect the smooth realization of the unity of economic and social policy in the 1980's. They include a direct effect on the volume, quality and structure of the consumer goods fund for the public supply. Structural changes are occurring in the production and consumption of consumer goods, and these are reflected in the differentiated development of retail turnover by main groups of goods. In the years 197-1982 retail turnover by main groups of goods rose to 161.6 percent, including essential foods to 139.2 percent, nonessential foods to 164.3 percent, textiles, clothing and shoes to 148.4 percent and other industrial goods to 198.1 percent.⁴

These different rates of growth heralded a change in the structure of consumer goods consumption, likely to continue in the coming years. The following trends in particular need to be noted:

- The slowing growth in the consumption of essential and nonessential foods, textiles, clothing and shoes;
- The rising demand for technical household consumer goods, especially from the aspect of replacements. The replacement of these products by others with a more advanced technical standard assumes ever greater importance;
- The continually expanding demand for individual motorization and the use of materials and building materials for do-it-yourselfers and hobbyists;
- The new and still growing demand for modern products of entertainment electronics, involving many consumer goods for leisure hours, cultural activities, sports, recreation, tourism and others.

As a result of these structural changes, the technical consumer goods counted in the main goods group "miscellaneous industrial goods" hold a growing share in retail turnovers. In 1970 this amounted to 27.7 percent, in 1982 to 33.9 percent. It must be expected to rise to 38-40 percent by 1990.

The discernible structural change in the consumption of industrial consumer goods compels production to adapt to it both from a long-term aspect and from the aspect of flexibility. It directly affects the efficacy of the socialist performance principle. Consumer goods production offers the objective opportunity of helping many requirements of the comprehensive intensification of socialist production to achieve a quick and effective breakthrough. This applies to the establishment of high-capacity mass production with advanced labor productivity, the realization of refinement effects on the basis of domestic raw materials and other substances, the farthest reaching utilization of production wastes, the application of old traditions and special skills for the production of consumer goods in great demand. An efficient consumer goods production offers evident advantages for the socialist state's export efforts with respect to a quick response to customer wishes, the utilization of differentiated but, generally, rather favorable payment terms on the world market, the realization of export transactions and the organization of profitable export-import relations. Consumer goods production is an industry that largely determines the level of supplies for the public, contributes important proportionality effects to the national economy and, as regards the specifics of its reproduction process, must be counted among the pacemakers of extensive intensification. By its motivational effects and growing impact on the economic reproduction process, it does vitally affect the speed and range of comprehensive intensification.

The growing demands on consumer goods output have affected the 1984 economic plan to the extent that the availability of finished industrial products for the public is growing faster than the industrial goods production of the industrial ministries. The output of newly developed products for the public must be made to rise 4 times as fast.⁵ That is a considerable challenge to the scientific-technical, technological and organizational capacity of consumer goods production, especially also the capital goods manufacturing combines. They are confronted with the obligation of

turning out more industrial consumer goods distinguished by good quality, advanced functional value and attractive design, and which are gladly purchased by the public.

Even a few years back the capital goods manufacturing combines were requested to raise their share of the output of demand and assortment appropriate industrial consumer goods to 5 percent of their total goods production. The experiences of recent years clearly show that these targets were most closely approached or met by those combines which consistently, year by year, achieved growth rates for attractive finished products in demand by the public--growth rates far above the other economic objectives of the combine.

These combines largely succeeded in building up stable lines of consumer goods production. In this connection stability is expressed in several ways. For one it is the stable production and reproduction of consumer goods in consistent demand, in fact enjoying increasing popularity; for the other, consumer goods production in capital goods manufacturing combines and enterprises contributed to the greater stability of the reproduction process as a whole. Some combine approaches have turned out to be particularly useful:

- Consumer goods are developed and produced by a manufacturing technology very close to that of the main production. The Karl Marx Stadt First Machine Factory VEB, for example, boasted the technical, technological and organizational prerequisites for the construction of industrial centrifuges, and these were the decisive criteria for beginning the production of domestic tumbler dryers as far back as the 1950's. At the present time, 10 percent of the enterprise's production workers turn out about 20 percent of the goods production in this field. The gamut of the production equipment, technology and experiences of the skilled workers and engineering cadres in the Air and Refrigeration Equipment Combine was the decisive factor for including the technologically rather similar household freezers in the combine manufacturing program.
- Consumer goods production is developed by processing in the combine itself the results of the main production--by its nature components for other industries--so as to turn them into finished products for various need complexes. Within the scope of its manufacturing program and based on various types of electric motors, the Electric Machinery Combine, for example, built up consumer goods assembly lines for the production of food processors (blenders, mixers and so on), of products for the bath and the laundry as well as for horticultural and settler needs, and also of stationary motors for do-it-yourselfers.
- Consumer goods lines developed in some combines have no real "kinship" with the main production as regards manufacturing equipment, technology, the raw materials and other materials used or the available experiences and skills. Decisive for embarking on consumer goods production here are national needs, especially public demand, and general circumstances favoring rational production. Valuable experiences in this connection were gained by the collective of Bergmann-Borsig VEB which has been producing the "Bebo-sheer" dry razor for the past 20 years or more. Of more recent vintage are the experiences of the Wilhelm Pieck Mansfeld Combine VEB with regard to the manufacture of a certain

type of hand drill. The lacking link between consumer goods manufacture and the equipment and technology of the main process is obviously more than compensated by the former's incorporation in the management and planning of the reproduction process, justified by economic necessity, and by the appropriate management skills.

-- Consumer goods lines have also been built up in other combines as a kind of combination of various approaches to the manufacture of consumer goods.

All methods of consumer goods production in capital goods manufacturing combines should have this ultimate economic rationale: The public, the national economy and exports call for the production of new and further developed and attractive technical consumer goods which are in demand, correspond to top international standards with regard to the mass-performance ratio, energy use, reliability and modern design, are turned out in the nationally required dimensions and at the greatest possible labor productivity. At the same time the necessary range of spare part must be made available. Obviously this demand is best met wherever (as Guenter Mittag emphasized at the 1983 GDR Research Economists' Conference), not only some departments but entire factories of the capital goods manufacturing combines specialize in the production of consumer goods and build up their own research and development capacities for just that purpose.⁶

Coupled with the necessary commitment of all working people, it is possible fairly quickly to set up efficient research and manufacturing capacities for consumer goods--provided everybody is fully aware in political and theoretical terms of the following cornerstones of consumer goods production:

1. The major contribution to consumer goods production of the capital goods manufacturing combines must be interpreted as a political assignment. This presumes that all senior cadres of the combines follow the SED resolutions and gear themselves to the increasing responsibility for consumer goods production of the combines manufacturing means of production. It depends on that how quickly and effectively orientations are converted into clear and mandatory targets for the combine or enterprise, while all members of the enterprise collective feel responsible for consumer goods production. The unity and conviction expressed in the demeanor of all senior cadres of the combine or enterprise with regard to their responsibility for the inception or extension of some consumer goods line provide the best possible prerequisite for the greatest possible efforts being made in the combine or enterprise itself so as to develop notions and initiatives for consumer goods production. Awareness of the objective and subjective prerequisites for efficient consumer goods production available in the capital goods manufacturing combines and knowledge of the demands of intensively expanded reproduction assist the evolution of a clear political attitude which interprets the manufacture of consumer goods in these combines as an order given by the working class. It is an order extending for a long period of time. It prohibits myopia and improvisation in consumer goods production. It calls for soundness in the build-up of production and its steady scientific improvement.

2. Only a long-range conceptual approach ensures a stable consumer goods output. Some capital goods manufacturing combines passed on the important experience that,

similar to the main products, the development, production and sale of consumer goods require a long-range conception. The following aspects are important: What production line and with what objective is to be incorporated in the combine's manufacturing program? Is it the intention in the foreseeable future to introduce an international novelty from the chosen product line, or is the known top international product to be largely remodeled and made market effective? Is a consumer item to be made, that is already being produced by GDR industry but in insufficient volume?

As regards the feasibility of the selected product line in the coming years, the following questions require an unequivocal answer: What is the technological "kinship" of the consumer goods manufacture with the technology of the main production? How are raw materials supplies for the consumer goods manufacture to be guaranteed? What component supplies from other industries are indispensable despite the combine's own best efforts? How may transportation costs be minimized? What internal facilities for packaging are to be used? What are the likely replacement rates in the next few years? How is it possible to ensure that an efficient consumer goods production is developed by way of extensive intensification? Decisive for the development of consumer goods production--in addition to the demands of exports--will be the material and cultural needs evolving with the further organization of the socialist society and to be taken into account consonant with the material potentials of the national economy. At the same time it is imperative to devote special attention to existing and developing needs for consumer goods, which arise from the differentiated standards of incomes, consumption and equipment. We must therefore guarantee the increasing supply of new and further developed products with great functional value of such goods that strongly contribute to the further improvement of housing standards and the use of leisure as well as the satisfaction of cultural-esthetic needs.

It is vitally necessary to provide evidence of the appropriateness of the selected product lines, their suitability for the combine reproduction process and the requirements arising therefrom on research and development. One of the most important points to be cleared up is that of the economic and management organizational changes to be carried out in the combine or enterprise in order to safeguard consumer goods production to the extent required and at the greatest economic efficiency. In other words, in the context of consumer goods production we must raise the questions of specialization, concentration and combination of productions. This demonstrates that the output of appropriate technical consumer goods by the capital goods manufacturing combines has turned into an important factor of the structural change of research, manufacture and sales in the combines and involves corresponding demands on political leadership, management and planning.

3. The efficacy of research and development for the new and further development of consumer goods must be improved. On the basis of longer-range product profiles of consumer goods, effective solutions of consumer goods production require the concentrated deployment of existing and potential research and development facilities, depending on the various conditions prevailing in the combines.

Product development, in particular, clearly shows that the production and sale of consumer goods for the public and for exports is increasingly determined by their scientific-technical standards. The latest scientific-technical knowledge must be

far more broadly utilized to speed up product turnover in order to raise the proportion of new products in consumer goods manufacture. At the same time everybody will have to learn to appreciate that only those items deserve the designation "top achievement," that match the incorruptible criteria of the world market and correspond to the demands of intensification.

Some good results have been recorded when collectives for consumer goods development were gradually established from among the existing research and development staff; these latter were then purposefully employed in creating top achievements. The technical-economic targets in the tasking workbooks for the development of original consumer goods provide researchers and developers with concrete objectives. We increasingly note that it is desirable to develop consumer goods with functional values transcending the limits of the earlier product profile. Their novel features and more rational production result in a higher standard of supplies to the public and satisfactory foreign exchange earnings in the export trade.

By their cooperation with basic research, capital goods manufacturing combines are particularly well placed to realize new ideas for technical consumer goods and go beyond the sometimes prevailing readiness to be satisfied with the imitation of internationally known consumer goods. The standard and efficiency of high-quality technical consumer goods are increasingly decided by the application of the findings of prior research. This trend is specially visible in the development of electronic consumer goods. The development and use of new technology on the basis of microelectronics has already resulted in a remarkable change in the products manufactured in the field of entertainment electronics. While functional values have steadily increased, the dimensions of these devices equally steadily decreased, with the result that important materials as well as energy could be saved and manufacturing costs reduced.

The efficient research and development potential of the capital goods manufacturing combines provides an exceptionally favorable basis for consumer goods research. These combines have gained a great deal of knowledge in various fields of materials, substances and technology research. This knowledge and the close cooperation of scientists and engineering cadres for capital and consumer goods lead to a fruitful reciprocal application of experiences, perceptions and discoveries.

Such an incorporation of consumer goods research in the uniformly managed research and development process permits us to quickly and efficiently develop reserves and research results from the entire reproduction process for consumer goods production, for example to process the production wastes incident in the combine, and on the spot to achieve refinement effects capable of being used to meet the needs of the public and safeguard export efficacy. This also serves to relieve the shortage of transport space and make it available for important economic tasks.

Advances toward top performances are achieved wherever collaboration with universities and colleges, scientific institutions of the GDR Academy of Sciences and other research institutes is directed to the development of high-quality consumer goods.

The development of new and original consumer goods requires constantly new ideas. These presume thinkers who have the necessary experience, expertise of that which is available and that which is in demand, scientific foresight, creative qualities

and much else. We must therefore increasingly mobilize and use all inventive forces in the combine. Progressive product ideas, derived from prior scientific results and longer-term product strategies, have shown their value as starting points for inventions, realization of which contributes to advanced functional values of the products corresponding to advanced international standards. Some major reserves still remain to be developed in some combines, especially in the field of profits from patents and the economic effects of inventors' work.

New products arise in consumer goods development by the initiatives of researchers, developers and workers, and are promoted in the creative atmosphere of the collectives. Needed is a fast response to emerging needs and enthusiasm for original ideas and, at the same time, we must not lack an eye for the details of new products. In this spirit design should be assigned far greater importance in the development of consumer goods. We have noted many times that modern design, appropriate to advanced esthetic demands, results in a much greater supply or export efficacy of the technical-economic parameters of various consumer goods.

In the case of technical consumer goods, the development by standardized solutions and the manufacture of the products in device variants has shown to be very successful. Such consumer goods may easily be expanded, their functional values differ but are complementary, and so are design and color; they are very reliable and easy to operate. In general they are distinguished by good design.

4. The initiatives of the working people in the production of technical consumer goods result in the greatest possible efficiency.

In the long run it will be necessary in each capital goods manufacturing combine to answer the question how to tap the largest possible source of new ideas in order to include all opportunities offering for new consumer goods, based on demand, scientific-technical development trends and available production conditions. It has been found beneficial to regularly get together all potential innovators from the various sectors (consumer goods producers, product groups, domestic and foreign trade, Standardization, Measurement and Commodity Testing Office and others) in a suitable manner and at a suitable point in time, with the aim consistently to ensure the availability of new and feasible ideas for the development and production of consumer goods.

This requires the careful analysis of the changes in the demand structures of the various assortments so as to achieve long-term and stable lines of consumer goods production. An increasingly significant factor in this process is the status and observance of the responsibility of product group pilot enterprises. The Domestic Appliance Combine, for example, prepared proposals for the involvement of capital goods manufacturing combines on the basis of an analysis of long-range need development in the various product assortments. These proposals also included thoughts about raising the series quantities of new and further developed products by shifting production to another combine or another balance sector. Detailed reports are available about these products and the preset component supplies needed; they are combined in a relevant bid catalogue and available to all interested combines.

An important question with regard to the greater output contribution of the capital goods manufacturing combines to consumer goods production is represented by coordination, both within the scope of the product group and the national economy as a

whole. The initiatives of the enterprise collectives, arising everywhere and to be ardently welcomed, are most effective whenever they contribute to more efficient consumer goods production, generally lead to the further improvement of the quality standard and, in volume, assortment and time respond to the needs of the public and the export trade. We must, therefore, within the framework of product group work coordinate all proposals with the aim of realizing the rational development and manufacture of consumer goods in large volume, especially by meaningful specialization, cooperation and standardization.

FOOTNOTES

1. '7. Tagung des Zentralkomitees der SED, E. Honecker, 'In Kampferfuellter Zeit Setzen wir den Bewaehrten Kurs des X. Parteitages fuer Frieden und Sozialismus Fort'" /Seventh SED CC Plenum, E. Honecker, "At a Time of Struggle We Continue on the Tried and Tested Course of the Tenth SED Congress for Peace and Socialism", Dietz Verlag, Berlin 1983, p 32.
2. See "Statistisches Taschenbuch der DDR 1983" /1983 GDR Statistical Manual/, Staatsverlag der DDR, Berlin 1983, p 48.
3. Ibid, p 99.
4. Calculated as per 1983 Statistical Manual, as before, pp 96f.
5. See W. Stoph, "Challenging Plan Orients to Sharp Rise in Output in the 35th Year of Our Republic," NEUES DEUTSCHLAND, 9 December 1983, p 4.
6. See "Oekonomische Strategie der Partei - Klares Konzept fuer Weiteres Wachstum" /The Party's Economic Strategy - Clear Concept for Further Growth/, Dietz Verlag, Berlin 1983, pp 64.

No More Delays Justified

Frankfurt (Oder) NEUER TAG in German 6 Mar 84 p 3

/Article by H. Thieme and H. Walther: "Just Onlooker or Active Participant?"/

/Text/ There are many good reasons why more and better consumer goods are a priority topic of our economic strategy for the 1980's. Recently, Edith Baumgaertner from Neuenhagen wrote us that she is "...very surprised why there is apparently so much trouble involved in the production of industrial consumer goods, though such production might satisfy many justified customer wishes."

Our reader does in fact hit the nail on the head. Only recently the district leadership organization's report to the 15th SED district delegate conference left no doubt at all that we intend to arrive at a "thorough change in the situation" with regard to the still inadequate efforts made in many district enterprises. In

future 5 percent of the goods production of enterprises predominantly manufacturing capital goods are to be devoted to high-quality consumer goods.

Of course nobody thinks that this will be easy to do. Of course very many new problems need to be solved, ranging from new ideas for a product in demand via materials procurement to the setting up of the necessary production capacities. It would therefore be wise for all of us to abandon the simplistic notion that a resolution is all that is needed to make a factory producing chemical plant, for example, overnight to conjure up some novelty for the customers of "Konsument."

And yet, whatever the difficulties we know have to be contended with, nothing justifies any more delay in the shift to the production of industrial consumer goods. Rocks on the path cannot be circumvented, they must be removed. Just this requires first and foremost a positive attitude to the objective adopted at the Tenth SED Congress and subsequently repeatedly emphasized by several plenary meetings of the CC and the district leadership organization--the objective noticeably to improve the supply of goods on offer to the public.

Now we have arrived at the crucial cue. Certainly the workers of the Frankfurt (Oder) semiconductor plant (HFO) or the Fuerstenwalde CTA are directly affected by the remarkable growth of monthly gross wages since 1971. Blue and white collar workers in the major state owned enterprises earned M762 per month on the average in 1970; by 1982 these earnings had risen to M1,075. In 1970 only 30 percent of blue and white collar worker households had a monthly household income in excess of M1,200; now well above 70 percent enjoy such incomes.

Satisfactory merchandise for satisfactory money! Who may dispute that this claim arises most compellingly from the performance principle of our socialist society? Enterprises of the dimensions of the HFO or the CTA, especially, can simply not be permitted to cautiously like infants feel their way on the road to consumer goods production, they must advance resolutely--consonant with their potential.

Incidentally, some very important combines and enterprises of the district have pointed the way. In the Schwedt Petrochemical Combine (PCK) all preparations have been completed by summer 1984 to offer high-quality polishes for shoes and leather goods; these are to be followed by more light chemical products in great demand. Tires for car trailers, inflatable rafts, camping trailers--all produced by the Fuerstenwalde tire plant, are supplementing supplies. Another example is offered by the exhausts for the "Lada" automobile; the Eberswalde Crane Construction Plant will raise its output from 12,700 in 1983 to 50,000 in 1985, hoping thereby to better satisfy the demand for this important replacement part.

Why did these enterprises succeed in their approach? Because the general directors and managers insisted on the necessary decisions and continue to do so. Because, hand in hand with the ascertainment of market needs, the scientific-technical staffs in the excellent research and development departments of these enterprises were, as planned, employed on the development of consumer goods. Just lately a youth research collective of the Schwedt PCK, for example, reported in NEUER TAG on its committed involvement on behalf of the future light chemical products mentioned earlier. Because rationalization in these enterprises proceeds in such a manner that departments or sections for consumer goods production are established, staffed with

skilled workers of the own enterprise and equipped primarily by the enterprise's construction of rationalization aids. Because, lastely, the party leadership organizations are insistent and urge the enterprise's own collective to be promoted from spectator of consumer goods production to actor in this significant event for the ongoing accomplishment of our main task.

After all, passionate commitment to the intended shift toward consumer goods production in our district also is based primarily on the perception that this amounts to a basic step toward the ongoing guarantee of the tried and tested unity of economic and social policy.

With her remarks, Mrs Baumgaertner also linked the question whether consumer goods production was profitable for the enterprises. It therefore remains for us to note that we are of course always concerned with finding solutions that are genuinely profitable in the long run. Years ago the Schwedt Paper and Cardboard Works managed with their well known high-quality wallpaper from Schwedt not only to close a real gap in supplies, they also found a production efficient in terms of profits. Several furniture works, the Beeskow chipboard plant and also the Bernau molded laminated plastics factory would be well advised with greater insistence and far more quickly to decide how, in the long run, profitably to produce quality items developed in response to demand. This is usually the case if the product satisfies the rising requirements of foreign markets in addition to domestic demand.

Moreover we should note this: Major Western corporations, such as Philips, Bayer AG or Bosch GmbH/Siemens AG have been carrying on the large-scale production of consumer goods for years, even decades. This would certainly not have happened if capitalist profit criteria had not been met.

If, in the foreseeable future, the managers of those enterprises which have not yet or at least not properly followed the clear orientations of our 15th district delegate conference, were to send their explanations to the NEUE TAG, Mrs Baumgaertner would receive even more answers to her questions.

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CSO: 2300/367

COUNCIL OF MINISTERS LAUDS SERVICES OF PRIVATE ARTISANS, TRADESMEN

East Berlin NEUES DEUTSCHLAND in German 22 Mar 84 p 3

/Unsigned Article: "More Services for the Citizens - Our Election Contribution"

/Text/ Among the private artisans and tradesmen in the GDR

- 5,785 are people's representatives,
- 14,365 actively cooperate in the residential district committees of the National Front,
- 70 percent of all service and repair performances as well as 52 percent of building repairs are carried out by cooperative and private artisans.
- 40 percent of all restaurants are managed by commission or private restaurateurs.
- 20 percent of road freight is carried by private truckers.
- 14,000 new trade permits were issued in the past 8 years for the retail trade alone.
- 8,300 loans in the amount of M120 million were granted in that same period for the modernization of stores in the retail sector.
- 24 percent of all technological lines and 12 percent of all special brigades for the restoration of chimneys in the course of repairing and modernizing housing units are handled by cooperative and private building tradesmen.

In the course of the conference of artisans and tradesmen in the House of the National Council, the ministers reported the results in their spheres of responsibility and the assignments for the preparations of the election and the 35th anniversary.

In his report, Minister Dr Udo-Dieter Wange noted that repairs and services of the local supply management last year rose to a total of 105.2 percent and, in the

craft trades to 105.6 percent by comparison with 1982. On behalf of the Council of Ministers he expressed his thanks to the cooperative artisans, private artisans, their employees and working spouses. "To approach the ballot box on 6 May 1984 with fulfilled plans should be matter of honor for each member of a PGH /artisan producer cooperative/, each private artisan and tradesman." These performances are an important contribution to the resolute pursuit of the policy for the welfare of the people, for the unity of economic and social policy. This is the proper approach for jointly creating the prerequisites for the ongoing blossoming and flourishing of our cities and communities.

A Secure Livelihood in Our Republic

He emphasized that cooperative and private artisans as well as tradesmen in the GDR have long been appreciated allies of the working class and stressed their contribution to, among others, the reconstruction, modernization and preservation of the residential building stock. The minister reported that the present volume of services and repairs carried out by artisans amounts to five times that of 1972.

Artisans in the GDR enjoy a secure livelihood and have a promising future. Needed now is even greater output and the increasing satisfaction of public demand. This calls for the total utilization of all intensification factors in order more and more favorably to organize the cost/profit ratio.

Capacities for Housing Maintenance

The first speaker in the discussion was Prof Dr Hans Krause, senior official in the Ministry for Construction. Last year, 90,000 cooperative and private building craftsmen made available additional construction capacities in the amount of almost M100 million for the preservation of housing, he reported. It would be necessary in future comprehensively to intensify repair and modernization work on residential buildings especially, so as to achieve the best possible result at the lowest possible cost. The currently available 1,700 technological lines were the decisive prerequisite for raising output in housing maintenance by 10 percent in 1983 compared with the previous year. It would be most desirable even more quickly to generalize exemplary achievements in the building crafts and to deepen socialist cooperative work.

In his contribution to the discussion, Manfred Merkel, deputy to the Minister for Trade and Supply, emphasized that private trade with and without a commission trade contract has raised its supply services every year. Trade permits for private restaurateurs and retailers should be issued whenever the private owners disposed of outstanding technical knowledge. He drew the attention of private retailers and restaurateurs to the need to improve the sales climate as well as the capacity and standard of gastronomic facilities and to reduce closing days, especially in vacation and recreational regions.

Dr Gerhard Jung, deputy to the Minister for Transportation, spoke about the output of motor mechanics and private truckers. Transportation and other services will have to continue being provided with declining energy, raw materials and other materials use. A national performance comparison of all motor mechanic enterprises

has been most instructive. the speaker said that rationalization on the job as well as the production and restoration of replacement parts has progressed further. It is imperative to expand the offer of services to the public, cut the wait for appointments and improve the standard of customer service by, for example, rush services.

Willi Koepp (SED), chairman of the Stove Construction PGH, reported on the close and fruitful cooperation between building craftsmen and tenants with regard to the modernization of apartments in Berlin-Friedrichshain city district. At the present time, cooperative artisans are working on an assembly line involved in modernization. The housing communities are regularly told about the work in progress and all their questions readily answered. The leadership organizations of the housing communities attend the weekly reports at the office of the city district construction director, and residential district committees and tenant representatives are also involved in accepting the finished construction work. Willi Koepp said that "in 1984 our plan target provides, for instance, for the installation of 1,255 fireplaces in apartments; that amounts to 1.5 percent more than last year."

Heinz Rieck (unaffiliated), independent shoemaker from Fuerstenwalde, expressed his thanks for the encouragement and help given artisans by the socialist state. His gratitude, he said, was taking the form of better services to the citizens and of involvement in the development of a lively social life in the residential district. he had raised his output by 40 percent when, following talks with his customers, he had shifted reception and delivery hours. As the chairman of a purchasing and delivery cooperative, he intends together with his 67 colleagues in the cooperative to make available this year additional repairs worth M130,000.

Kurt Sauerbrey (CDU), commission restaurateur from Obermassfeld, Meiningen Kreis, stressed the fact of 35 years of stable alliance policy as the reason for his own firm confidence in the socialist state. "Since 1970 our turnover has risen by more than 30 percent," he said. One contributory factor was the higher standard of his restaurant that he had fundamentally reconstructed in the past 2 years with the help of the state. The main room had been converted for youth dances and discotheques. In addition to the daily tasks of supplying meals, the outstanding events of his working life were fairs, the last Monday before Lent and New Year's Eve as well as brigade and family festivities. He added, "I also consider it appreciation for my efforts that I got renominated for a seat on the municipal assembly."

Private dressmaker Ingrid Kringel (LDPD /Liberal Democratic Party/), from Goyatz, Luebben Kreis, remarked that smooth flowing plan fulfillment, short waiting periods and good quality were a point of artisan honor with her. She described as her most important obligation the training of the future generation of workers. She always endeavored not only to attend to sound technical training but also to influence the political development of her apprentices. As a long-standing representative in the Luebben Kreis Assembly and chairperson of the permanent committee on local supply management, she is concerned, for example, with raising the artisan output of consumer goods in the kreis and with the development in her home community of Goyatz.

Like the other speakers in the discussion, Hans Thilo (NDPD /National Democratic Party/), chairman of the "Wood" PGH in Seelow, approved the appeal launched for the

35th anniversary of the GDR and the election appeal by the National Council of the National Front: "Not only did I live through the periods mentioned in both documents, I helped consciously and actively to organize them." He expressed the conviction that artisans and tradesmen in Seelow Kreis are among those working people who will go to vote on 6 May after having fulfilled the plan.

Opening Hours Adjusted to Shifts

Wolfgang Hugk (SED), chairman of the Hoerseltal PGH, Eisenach, described the housing construction program as one of the outstanding historic achievements of the 35-year old socialist state. His PGH was contributing to its implementation and had improved housing conditions for at least 46 families this year. "In our capacity as construction craftsmen, we must concern ourselves profoundly with economic strategy. This is how we arrive at more rational notions and satisfactory results." Artisans have resolved to go to the election of 6 May with fulfilled plans and to vote for the candidates of the National Front.

Guenter Schulze (CDH), chairman of the Elektro PGH, Aschersleben, reported that his collective had fulfilled and overfulfilled the most important plan indices last year, mainly because the first repair assembly line had been built up in conjunction with state owned enterprises. The speaker stated that, as a Christian Democrat, he was also a committed combatant in the National Front. As representative of his home village, Westdorf, he was involved in the creation of objects worth millions, including a supermarket, the expansion of potable water supplies, a one-family home complex, and many others.

Erich Fritzsche (LDPD), chairman of the Motor Repair PGH, Koenigsbrueck, Kamenz Kreis, talked of the experiences of the product group he was involved in as member of the council. So far 147 motor repair enterprises in Dresden Bezirk had been recruited for checking the carburetor and spark settings of the injection pumps as well as for conducting the waste gas test. By the end of the year, said the PGH chairman, all 375 contract motor workshops in the district are to be involved in this task.

As representative and candidate for Bitterfeld Kreis Assembly, Christa Ohmes (NDPD), commission trader in Wolfen, said she felt personally appealed to and challenged by the election appeal. "I consider it a matter of honor well, consciously and civic mindedly to work for our good policy," she stated. She sees her contribution in the 35th year of our republic mainly in endeavoring to offer all goods in her store at the very best quality. She has adjusted the hours of business to the shift rhythm of the surrounding factories. She also sells fruit and vegetables direct off the truck, for example in the new residential district of North Wolfen that now has 25,000 residents.

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CSO: 2300/362

MINISTER VIEWS CAPITAL-STARVED SHIPPING, PORT INFRASTRUCTURE

Warsaw ZYCIE GOSPODARCZE in Polish No 10, 4 Mar 84 p 3

[Interview with Minister Jerzy Korzonek, head of the Office of Maritime Economy, by Jerzy Dzieciolowski: "The Prospects of the Maritime Economy"; date and place not specified]

[Text] [Question] Some recent publications have postulated the reduction of our maritime ambitions. I cannot recall similar suggestions in recent years. What do you think about this?

[Answer] The heart of the matter is not ambition but realities. And realities change; that is why one can hardly regard the economic collapse in the first years of this decade--in all branches of our national economy, at that--as a sufficient premise for introducing far-reaching changes, anytime and anywhere. Let us consider, for instance, our Polish seaports. The highly inflated turnover of some 65 million tons, reached at the end of 1970's, was achieved by strenuous efforts; it then dropped down to some 35 million in 1981. By that time there was some talk about surplus loading capacities.... And the effects are felt today. Since our national economy slowly began to regain its former pace, the ports have become periodically clogged again, rail transport has ceased to cope, etc. And one has to realize that throughout the last years no new equipment has been added, while what we have has become obsolete.

But to recognize the natural limitations of the Polish maritime economy is something else again. Even if abroad there are some vessels of half a million tons DWT, it does not follow that we want to, or have to, acquire similar ships for our Polish fleet; the largest ships capable of entering the Baltic Sea cannot exceed 150,000 DWT. The Northern Harbor [in Gdansk] was design for such vessels.

What I have just said obviously does not in any way change the fact that the situation in our country involves a surplus of targets and needs, and a shortage of means for their implementation. The choice, therefore, is difficult, but nonetheless in the resolution of the Ninth Congress of the PZPR and in the resolution of the 10th Plenum the stress was definitely laid on our maritime economy. It goes to prove something, does it not?

[Question] And what are the prospects of our maritime economy, given the surplus of targets and the shortage of means?

[Answer] Today it amounts to maintaining our positions. Thus, for instance, the repair shipyards not only will maintain their productive capacity during 1986-90, while partly renewing their productive assets....

[Question] You have chosen the kind of activity rewarded by the best financial results....

[Answer] The ship-repairing branch prospers at the cost of other branches of our maritime economy, provided we exclude their revenues from exported services. We do not wish to recycle means by moving them from one pocket to another within the framework of the same maritime economy. The ports, too, are doing quite well....

[Question] You are exaggerating. Is not the infrastructure of our ports in a deplorable condition?

[Answer] I am talking about loading capacity, about global figures I have already mentioned. Just let me add that in 1983 our ports loaded almost 20 percent more cargo than in the year before. For full clarity, please note that I do not think the 45 million tons achieved last year have used up all the existing capacities of our ports.

[Question] I would like to know, however, what is the matter with the infrastructure.

[Answer] The piers, the dockyards, the warehouses--all that is in a fairly decent condition. But the cranes, the transporters, the stack loaders, the traction engines are indeed at the end of their tethers. This equipment has been depreciated in 52 percent, and is often obsolete, as, for instance, the bulk-loading cranes. Cranes of 7-ton lifting capacity will not do anymore, we need ones with a capacity of 10-12 tons. All the very intensively exploited stack loaders are made in the West, the equipment lacks spare parts, and soon will become inoperable.

[Question] What solution do you envisage?

[Answer] Means have to be found, otherwise the ports will grind to a halt.

[Question] Others say the same thing: means have to be found.

[Answer] Ninety percent of Polish goods exported to the II [Western] payments area pass through our ports. A shipowner can have his headquarters in Switzerland, but Polish ports cannot be shifted to Hamburg; a lot has changed there, too. We intend to buy cranes in Hungary and in the GDR, and stack lifters in Bulgaria.

[Question] I still do not know who is going to pay for them.

[Answer] The ports are able to finance those purchases. The problem consists of the availability of means which can be spared. I think the means available from the depreciation and development funds, earmarked to pay for this equipment, should be treated as an investment which replaces imports of foreign-currency services. In such a case, the enterprise should be granted tax relief. Therefore, no privileges for the ports are involved. Otherwise, the cargo will find its way to Hamburg, Rostock, or Rijeka.

[Question] Let us assume that those wishes would be granted. Who is then supposed to build and to assemble whatever the ports need?

[Answer] We used to have a lot of investment projects and no contractors, now there are fewer projects but contractors remain scarce. Contracting is a kind of Polish malaise. I believe volunteers could be found. Anyhow, we do not envisage the possibility of founding our own branch enterprises. Energopol's capacities should be expanded. At present that enterprise is able to deliver projects worth 1 billion zlotys--but our needs amount to some 4 billion.

[Question] What can wait awhile, and what has to be done immediately?

[Answer] The coal loading capacity of our ports is satisfactory. We are not going to export by sea more than 26 million tons a year. The question is to maintain that loading capacity, and at best to expand the loading quays. With phosphorites, apatites, timber--no problem. There is, however, a problem with ore shipments. At that investment project at Gdynia something must start to move. And the technical equipment of piers and their hinterland for loading dry cargo, which we have already mentioned.

[Question] And what about the Gdynia container terminal?

[Answer] The first stage of its construction has been financially covered. Only the problem of its execution remains outstanding.

[Question] How do you rate the shipowners' performance?

[Answer] There are two, totally separate, areas of shipping. The tramping fleet has all the grounds for not letting their vessels deteriorate, for maintaining their average age at the 6-8 year level. Older vessels are being continuously replaced by new ones, fully financed by the Polish Steamship Company [PZM] on their own. This happens, let me stress again, during a period of deep shipping crisis, when freight has dropped by 40 percent and more. In 1981, 1 ton of ore carried from Brazil to Europe cost over \$12, but it costs now less than \$5. As in other shipping companies, our fleet operates under conditions of worldwide recession. Freight cannot be increased simply to compensate for the increased costs, as has been done by most Polish enterprises which have nothing to do with the world markets directly. Hence the paradoxical situation: while our domestic costs have gone up by leaps and bounds, the freight charges of our fleets had to be reduced.

[Question] When prosperity returns, the shipowners will get their own back.

[Answer] No doubt about it. But for quite a while they have had to operate under recession.

[Question] Meaning that the PZM somehow manages. Some say that the "driving force" of its director, Mr Karger, has quite a lot to do with it.

[Answer] That is not quite true. A bulk vessel is either fully loaded or stays in harbor. Its costs cover the whole freight. We are not dealing with a series of expenses, as in case of dry cargo, stowage for instance. A bulk vessel carries its cargo to a certain destination, so the fuel costs are related to the revenues. Obviously the freight has dropped more in case of bulk cargo. One has to take into account all those shipping circumstances, react accordingly. When the PZM had to replace its fleet, it made best use of the opportunities offered by world shipyards which had been losing orders rapidly. The fleet has been replaced by taking out mortgage loans, thanks to its own means, by entering into partnership, in any possible way. All this was supplemented by Mr Karger's ability to make the best use of the opportunities at hand.

[Question] He took great risks?

[Answer] A man who will not take risks can find employment in budget-financed enterprises. Besides, courage alone will not do, even though--let it be said parenthetically--there are not all that many courageous managers, while we cannot complain about any lack of experts on maritime economy. One also has to realize what is it that one wants, to be able to drive a bargain, to have one's homework done, and to know how to predict the future.

[Question] Have the Polish Ocean Lines [PLO] found themselves in an objectively worse situation?

[Answer] Liners obey their own rules. A vessel has to keep regular traffic, whether it carries dry cargo of 500 or 5,000 tons. As a result it incurs many costs, regardless of its revenues. The PLO used to prosper by carrying products of our own foreign trade. Several years ago those suffered a sudden breakdown. Now the Gdynia shipowner carries 65 percent foreign goods, and that has a negative impact of its own. The vessels frequently leave Gdynia with virtually empty holds. The freight rates for our own goods used to be higher. The increase in foreign cargoes involves increased costs abroad, etc.

[Question] And therefore the PLO deficit goes up.

[Answer] The Gdynia shipowner is indeed in trouble, and has to work out a survival schedule.

[Question] The Office of Maritime Economy obviously does not want to interfere in preparing such a schedule.

[Answer] It is not all that simple. Reduced operations of such an enterprise can mean either reduced frequency of plying specific lines or suspending some of them. It is easy to give up a line, it is more difficult to return there. We have to recognize that we would have to carry and to pay freight for all the exported and imported goods, if not on Polish vessels then on foreign ones. Had it not been for our fleet, our expenses would have amounted this year to half a billion dollars.

[Question] The PLO has to work out its survival schedule on their own, but at the governmental level it is you who ex officio act in their defense. Minister Nieckarz certainly does not love you.

[Answer] But he knows that over the last 10 years the PLO has earned \$2.5 billion in freight alone. And \$20 million more in accumulation. The PLO's trouble started in 1982. One cannot assess any enterprise's activities based on 1-year's performance.

[Question] What are the annual real costs of the PLO?

[Answer] A total of 53,323 million zlotys, precisely.

[Question] A really enormous sum of money....

[Answer] Therefore no one is going to convince me that the PLO cannot reduce its costs. It is a savings trove. They have some 1,000 employees too many, they need an active promotion drive, they have to look for more profitable cargoes....

[Question] I would call it purposeful saving. I would not regard as saving cutting down overtime payment in zlotys to Polish crews, and then spending additional thousands in foreign currency for services bought in foreign ports.

[Answer] I agree, it is a nonsensical alternative: 2,000 zlotys or DM 10,000. But it was not I who had invented this nonsense: it was born inside the enterprise. And there it should be put to death.

[Question] But even given the most rational financial discipline, the ship-owners themselves will not be able to cope with the modernization of their fleets. Especially if year in and year out their accumulated funds will be taken away from them, as happened to the PLO in 1981. Taking into account the then buying power of the zloty, by now it would have amounted to some 15 billion zlotys.

[Answer] We are working on a fleet modernization program till 1990, including the means needed for financing investment. We will define our possibilities, and the necessary state subsidy.

[Question] What kind of vessels would be involved?

[Answer] The ro-ro model, and above all the con-ro. By 1990 we have to replace a capacity of 1.5 million DWT. The PZM needs 56 vessels with an overall capacity of 930,000 DWT, while the PLO needs 581,000 DWT. By then the overall capacity of the Polish fleet would stay at a level close to the present one, namely 4 million DWT.

[Question] Who is going to build those vessels?

[Answer] The Polish shipyards could have done so, but they are twice as expensive as the foreign ones. The dilemma we have to cope with consists therefore of the choosing whether to implement the fleet modernization program and to put its burden on the state currency balance, or to build ships in Polish shipyards and accept costs twice as high.

[Question] All over the world shipowners are usually subsidized by the state. A vessel is neither just a cargo carrier nor symbol of statehood. The fleet has also some security functions.

[Answer] For these reasons, and others as well, the state subsidy varies between 15 percent of the price of each vessel in Japan, and 57 percent in France. Moreover, when placing orders in that country's shipyards, local shipowners get preference over foreign ones.

[Question] What kind of understanding do such arguments find among your colleagues?

[Answer] A moderate one.

[Question] Does that mean lack of so-called maritime awareness?

[Answer] One can hardly expect the finance minister to be happy with an attempt to appropriate means he does not have. Even the keenest awareness is of no avail when the budget is full of holes.

[Question] How long, in your opinion, has the maritime economy to wait for prosperity?

[Answer] No one is clever enough to answer this question. The high price of dollars has brought about a rapid increase in imports from Europe. This has financially improved the PLO North American Line. But that is just one spectacular example, which does not yet indicate any boom on the world maritime markets. All over the world some 100 million DWT still are in mothballs, and that has a most important impact.

[Interviewer] Thank you. On another occasion we shall talk about other problems of maritime economy, in particular about those linked to the fishing industry and to the state of maritime environment.

12485

CSO: 2600/744

LOCAL PARTY UNIT POLLS FIRM EXEC'S FOR VIEWS ON REFORM IMPACT

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 15 Jan 84 p 4

[Article by Krystyna Olejnicka, chairman, Social Policy Task Force of the Economics Subcommittee, District PZPR Committee of Lodz-Gorna: "Lodz Directors"]

[Text] The Social Policy Task Force of the PZPR Lodz-Gorna KD's [district committee] Economics Subcommittee attempted to appraise the position and socioprofessional role of the director by conducting anonymous sociological inquiries. The outcome of these inquiries is the study below and its resultant conclusions.

The economic reform has forced us to reconsider the more or less painful examination and modification of views concerning the role of people in the processes of social management. Putting the principles of the three S's [autonomy, self-financing and self-governing] into effect has changed the situation as well as the role and socioprofessional position of directors who realize directly the economic reform in their plants in a particularly critical manner. The Social Policy Task Force which has been functioning within the framework of the Economics Subcommittee of the PZPR District Committee of Lodz-Gorna for the last 2 years has taken an interest in this problem. We have acquired a picture of the director during the initial introductory stage of economic reform with the aid of anonymous questionnaires distributed among several dozen directors and heads of management units in the Gorna district of Lodz. Though the results do not allow for far-reaching generalizations because of their limited scope, they do deserve attention on confronting familiar current opinions expressed by those directly concerned.

It is difficult to make a statistical analysis of the small group of directors that was polled. It suffices to say that those who replied to the questions feel closely attached to their positions and have had many years of training. They are also closely attached to the plants in which they work. Taking into consideration the turbulence of the last 3 years, it should be assumed that they are accepted by both their staff as well as, of course, higher circles (institutional organs and party units).

A Word of Criticism About Authority

We often repeat that economic reform elevates the director's position and authority within a plant. After all, it provides opportunities for autonomous action and decisionmaking based on economic considerations and, as a consequence, it increases the director's scope and field of activity. Directors, however, are restrained in appraising the level of their authority as a consequence of formal and informal circumstances. It is no wonder that these kinds of self-evaluation are very awkward; it is difficult to give a balanced accounting of one's own experience vis-a-vis the objective state of affairs. However, in desiring to get an answer to the question of what the real situation of the director's authority during the presently rapid changing economic conditions is, we had to objectify as much as possible the answers received. On a scale of seven, we asked directors to rate their level of authority as a director of a given unit being managed in three most obvious and discernable aspects of formal authority, i.e., leadership, authorization and decisionmaking.

Disregarding specific reflections, the opinions of the directors are generally very critical. The directors are of the opinion that present conditions do not favor the development of a great deal of authority for directors, especially with regard to the field of authorization (40 percent of those polled feel that it is very low and another 25 percent that it is average). The evaluation of the field of leadership on the part of the director was much the same, though with a somewhat greater tendency in the direction of an average appraisal (63 percent rated it average and 30 percent rated it low). Only a few directors gave high marks in both instances.

The directors appraise their ability and scope of decisionmaking as being distinctly more favorable for themselves. As many as 25 percent rate it high and 75 percent rate it average.

In the opinion of the directors, the reasons, negative and positive, for this state of affairs are extensive. Among the factors which promote an increase in the director's authority we identified subjective factors that depend on the directors themselves as well as objective ones inherent in the surrounding changing reality about us.

The reform has generated, above all, a need for a genuine knowledge of economics and it is here that half of those polled see the source for the increase in their authority. Thanks only to a great degree of inside knowledge of economic laws, the directors are in a position to put into effect the rapidly changing and new tasks. They foresee severe professional setbacks for those who are unprepared. Today, the director, perhaps as never before, must confirm his true authority with every move he makes by means of superior and, as it is often emphasized, commanding professional knowledge in order to keep pace with increasing demands. Among subjective factors, directors place fairness with regard to workers in second place (32 percent), and in third place honesty with regard to them (21 percent).

Next, among the objective factors which favor an increase in authority for a director, the economic reform itself is mentioned, that is, the opportunities in it for working autonomously and opportunities for making independent decisions

which are greater than ever. Gradually, a director ceases to be a bureaucrat on a given rung and becomes a business manager and a head of an autonomously functioning unit. The list of factors which have a negative impact on their real authority, according to the opinion of the directors, is significantly larger. And once again the reforms is mentioned; this time, however, it is in terms of its negative features and inconsistencies, such as limiting the autonomy and authority of the director, the number of regulations being too great, their contradictions and deficiencies, gaps, the short duration and uncertainty of the legal codes, FAZ [Vocational Activation Fund], taxes, distribution, programs, financial operations, inspection, etc.

The next negative feature is the economic and social situation in the country, above all: the shortage of raw materials, shortage of workers, the government's inappropriate social policy and, as a consequence, the restriction placed on the director in opportunities to conduct economic affairs.

The third negative factor is the limitation or outright deprivation of the ability to authorize, among other things, by giving workers and their representatives particular rights, a too liberal treatment of workers' misdeeds, often making it impossible for directors to put into effect decisions which from an economic point of view are valid though socially unpopular, painting a picture of the director as an oppressor and culprit.

And the fourth reason, stressed many times by the directors, is the uncertain, ill-defined role and position of the director, the out-and-out debasement of that role in the present state of affairs. Apart from a director of a large industrial plant and an institute we have, as well, a director of a school, a kindergarten, and a nursery school. Is this not an exaggeration?

There is mention of a general lack of familiarity in society with a director's competency, ignorance of the problems in the work of a director, the lack of clear criteria in evaluating a director as well as an inappropriate air created about directors as perpetrators of many negative economic phenomena.

The fifth reason is the lack of material work motivation in the post of director.

It is obvious that the list of complaints is long and that it is possible to debate them. The severity of the wording may cause offense. However, one thing is certain--it is a consequence of the situation in which the director was placed because of changing conditions. Directors maintain that they have not always been provided with the necessary tools with which to work. While speaking a great deal about the subject of the importance and the particular role of autonomous work opportunities, they often point to the risk involved in actually doing so. Thus, directors speak of a lack of feeling secure and a weakness on the part of their social partners, those with whom they are supposed to direct economic and public activities. There is optimism in the fact that, in spite of this feeling of uncertainty, risk and isolation, directors are 95 percent determined to make autonomous decisions and, regardless of an absence of expected results, to assume the risk of new activities. They consider this to be a normal situation. Autonomy and risk in decisionmaking are a basic privilege of

the director. This is a very sensitive point, which relates to his function, profession and work establishment. It compensates for all the defects and minuses of a director's work.

In summary, directors maintain that workforce self-government too often assumes the position of a demanding, supervisory body which exacts its rights for making decisions while avoiding sharing responsibility for them or completely saddling the director with it. The following data confirm this state of affairs.

As many as 43 percent of the directors emphasize that self-governing organs do not exhibit sufficient initiative and independence. They are passive, they do not know how to act and do not attempt to understand the meaning of cooperative partnership.

A total of 40 percent maintain that, to be sure, in their plants there is active participation in making real decisions, but the director is burdened exclusively with the responsibility and risk for putting them into effect.

Barely 17 percent underscore cooperative conditions in both decisionmaking and in assuming responsibility on the part of both parties.

This surely is not the norm. However, self-government has not yet become firmly established. It is just learning its role and with time the situation will surely change.

The authors of the analysis are uncomfortable with the great disparity between the 43-percent group of directors who are dissatisfied in their work and partnership with self-government and the group of only 17 percent which talks of activity, independence, partnership and cooperative responsibility on the part of self-governing organs.

Of course, in making their observations, some of the directors are aware of the often random membership make-up in self-government. Finding neither professional nor moral support in them, they are inclined to limit the role of self-government to that of an advisory function only. We obtain a full picture of the director's isolation within the establishment when we add to it that labor unions beginning their activity for understandable reasons greatly need to succeed among staff members which, in turn, gives rise to a tendency to press and make social-welfare demands of the director.

Half of the directors polled maintained that still not all union organizations have clearly specified their rules of activity and often work along lines of intervention, distancing themselves from matters concerning the plant generally. Unfortunately, party organizations, especially in small plants, are not in any position to help the director. They still have their sights fixed too intently on solving their internal party problems. They are too weak and not visible on the grounds of the plant. Also, they often do not have cooperative relationships worked out, especially with the staff's self-government.

The Director as a Worker

The structural changes in our economy following the reform and the elimination of an intermediary level had an effect on changing the director's situation as a worker. Of those polled, 67 percent were of that opinion. However, there was no agreement as to what the consequences of these changes are. Some frankly say that doing away with associations raised the standing of the director, increased his authority, eliminated subjective appraisals of his work, and cleared up the situation--who manages and who appraises. Others, and they are the majority, point to a hole which has appeared in connection with this. The director as a worker is now more anonymous for the managers. He can no longer depend on quick help. He must rely on his own resources. He lacks routine advice and support, if only moral.

Merely a few directors are counting on the full support of the institutional organization in the event of an actual conflict in their own backyards, whereas 60 percent of those polled do not expect much or almost none at all. On the other hand, according to a perfectly reasonable opinion of the directors, the associations have an entirely different role to play than representing the interests of the directors as a worker.

Also, at this point, the directors are not counting on the plant's self-government to come to their defense in the event of a conflict with the institutional organization. It does not appear as extreme as in the opposite case--43 percent are counting on aid--but just as many have no faith in that aid.

In the opinion of the directors, the situation would improve if a precise description and definition of criteria were made for the appraisal of the effects of a director's work.

The changes brought on by the reform as yet have not brought closer, in the opinion of the directors, prospects for advancement in all probability expected by them. Precise mechanisms for promoting the management cadre at the directors' level still do not exist (50 percent mention this). A sizeable portion of those polled feel that they have been professionally reduced in rank on leaving their current positions (30 percent). Identification with the duties of a director is therefore high. Perhaps this is the reason why directors are reluctant to talk about an end to a term in a director's performance of his duties. Seventy percent maintain that it is possible to be director as long as he and his work are accepted by the staff. The rest consider that the director's professional position would be clarified by a rule for the precise description of the length of his tenure, i.e., nothing more than a professional contract.

In describing the situation of the director as a worker, it is impossible not to mention the factor of material motivation with regard to the position of director. Directors corroborate current opinions that together with the deterioration of the rate of pay and the leveling of wages the attraction of managerial positions in some economic units--positions requiring the most professional, active, creative and talented people--is rapidly growing smaller. In appraising their material situation, the directors stress that their wages compensate them for only a part of the time actually spent at work (76.7 percent) and that they do not make up for the aspect of responsibility for work results; above all, it

is not a reflection of the post held within the plant. The directors are not disturbed by the fact that there are instances in which qualified workers receive higher wages than those received by directors. It is worth paying for perfection, they maintain, regardless of the post in which it is achieved. The directors are concerned about relating their wages to the average salary in the plant, the average worker's salary, and the average salary of the managerial cadre. The proposals presented were varied. Their analysis would have to be the topic of a separate paper.

I noted in the introduction that the results derived from the analysis do not permit conclusions of a broader nature because of the limited scope of the analysis.

Life itself will verify the practical possibilities for making use of the powers to which the director is entitled. Directors are going to have to adapt to changing conditions. Also, they will not avoid stress and psychological strain. After all, has not an urgent need now appeared for a less ambiguous definition than we have had to date of both the role the director plays and his professional situation? In practice, we have never had such a document. Neither the various pages of laws and obligations of workers nor collective arrangements has taken this into consideration.

12491

CSO: 2600/718

IMPACT OF REFORM ON PRODUCER GOODS ALLOCATION SYSTEM RATED

Warsaw RZECZPOSPOLITA in Polish 1 Mar 84 pp 1, 5

[Article by CH: "Reform of Supply System"]

[Text] The reconstruction process of the supply system, which constitutes an integral ingredient of the economic reform, is tending--although not without certain difficulties--toward coal-oriented solutions.

The lack of balance of production means in the market forces the use of temporary solutions which give the "centrum" the possibility of steering the flow of raw materials and materials most in deficit.

In this way one can most generally characterize the results of the meeting of 29 February of this year of the Secretariat of the Commission for Economic Reform, Group VII of this commission, and the management of the Materials Economy Office. It was devoted to summing up the 2-year period of the consumer goods supply reform. "Evaluations formulated during this meeting," said Minister Wladyslaw Baka, chairman of the meeting and plenipotentiary of the government for matters of economic reform, "will serve in working out a report concerning the state and the effects of initiating the economic reform in 1983. In April this document, after being discussed at the plenary session of the commission, will find its ways to deliberations by the Council of Ministers and next will be directed to the Sejm."

No supply system will work effectively under conditions of a deficit in the majority of basic raw materials, especially those imported from payments zone II. The following data best testify to the scale of the deficiency. During the previous year foreign currency imports were set in the Central Annual Plan at a level of 2.5 billion dollars. In fact, we bought raw materials for 2 billion dollars. This constitutes not quite 41 percent of the supply imports for 1980.

In the face of such a deep imbalance in the supply market and considerable inflation, the steering of the flow of raw materials and materials solely with the help of economic instruments had little effect. Therefore, the distribution of raw materials was subordinated to the most important socio-economic goals, which are formulated by government order and operational programs, and the regulation of certain production means was introduced.

The extent of using these forms of steering the process of supply is succumbing to systematic decrease, although--as in the case of government orders--only the list of materials and products encompassed by the orders is undergoing enlargement. It is estimated that in 1983 around 130 material groups were encompassed by the procedure of obligatory trade intervention. During this year, around 100 will be encompassed.

Systemic reform measures obligatory to the end of 1983, have rather ineffectively stimulated enterprises to use raw materials effectively. The conventional measure of production by the net sold did not induce enterprises to lower material costs, because it was far easier to maximize it through the increase of prices. The widely used preferential coefficients of correction for the establishment of the wage fund, free from the burdens of PFAZ [State Vocational Activation Fund] constituted the next gate freeing enterprises from intensive searches for means of lowering the material consumption of production. Interest in these problems has decreased with the increase in the level of profitability of the enterprises.

The additional undertakings introduced, such as, among others, the creation of the Central Development Fund, the Reclaimed Raw Material Fund, the introduction of an experimental system of material incentives for the savings of materials and raw materials, the introduction of administrative prohibitions on the production of energy-consuming materials, and the use--where it is not essential--of deficit materials has impeded the process of increased material consumption of production. According to statements by Materials Economy Minister Jerzy Wozniak, one can now even talk about a certain, although not considerable, improvement in the efficiency of the use of raw materials and materials. This phenomenon should be strengthened by modified economic reform rules and, above all, by the introduction of a linear profit tax.

The course of the process of reforming the supply system is not free from dangers. Professor Czeslaw Skowronek, chairman of Group VII of the Economic Reform Commission for matters of the Supply System, has spoken of these. He numbered among them, among others, the revival of the influence of branch ministries on the sphere of supply, and also a lack of legal solutions comprehensively regulating turnover and material supply.

12432
CSO: 2600/741

MONEY, SECURITIES MARKET IMPROVES BANK LIQUIDITY IN 1983

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 2 Mar 84 p 6

[Article: "Effective Short-Term Borrowing; the Yugoslav Money Market During Last Year"]

[Text] The Yugoslav money and securities market ended the year last year quite favorably. The circle of membership of this already extraordinarily useful institution for promoting the liquidity of business banks continues to expand. The help of the market was welcome in 1983 because obligations were always greater, especially in all the basic banks, than the available money. For the fourth year now it has successfully assisted basic banks by rediscounting guaranteed negotiable notes.

Last year, the Yugoslav money and securities market approved 2,090 short-term loans for business banks, often not longer than 1 or 2 days, thus maintaining the liquidity of these banks by improving the flow of money into their accounts. The value of the loans approved came to 305.5 billion dinars, which was 25.7 percent greater than those approved last year. During the last few years the turnover of the market has grown significantly faster because of many reasons. The most important one is, of course, that for quite some time this institution has stepped across republic borders and because it has expanded its circle of membership and the users of its services. Monetary flows in the economy, burdened by inflation, require greater saturation with money from banks, and it is common knowledge that there is not always enough of this money. That there is not enough free money is also confirmed by data concerning the large number of mature and unpaid demands of banks.

The second activity of the Yugoslav money and securities market, and one which is very useful under present conditions, is the rediscounting of guaranteed negotiable notes by basic banks. This activity was begun in 1980, and is of great assistance in the turnover of securities.

The Yugoslav money and securities market rediscounted tens of thousands of guaranteed negotiable notes in 1983, and the turnover came to 117.2 billion dinars. Keeping in mind that rediscounted notes totaled 44.3 billion dinars in 1982, the turnover in rediscounted notes increased by 264 percent during last year!

It would be useful to recall that the money market began operation at the end of January 1967 as a part of the Association of Bank Organizations of Belgrade. With time it crossed republic borders and it now collaborates with almost all banks in Yugoslavia. This means that it is with reason that it has received the name of the Yugoslav Money and Securities Market.

In essence, the Yugoslav money and securities market is a market specifically operating between banks which was primarily created for mutual assistance in order to maintain current liquidity of the basic banks and other banks which are members of the market. The fact that banks which in the meantime have not been installed as members of the market also collaborate with it and use its services, on an intense level, says quite a bit about the value of the market.

9548

CSO: 2800/226

DATA ON DECLINE OF LABOR PRODUCTIVITY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Mar 84 p 8

[Article by Komnen Knezevic: "Workday Cut in Half; Why Productivity Is Falling"]

[Text] According to data compiled by the Federal Statistics Bureau, we effectively work less than 5 hours a day, and one in every four workers is absent from the job. Utilized industrial capacity is below 70 percent.

Since 1980, economic development has entered a phase of marked deceleration, and in 1983 economic activity even declined. Contrary to economic trends, employment has continued to grow, albeit at a reduced rate, which has had an effect on the decline in labor productivity. The sudden turns in the dynamics of development have also been reflected unfavorably in overall business performance. The effective use of production facilities and working capital have both fallen, as well as economy in doing business; losses have increased and the already low reproductive capacity of the economy has stagnated. In other words, the economy of creative and useful labor has decreased, production expenses and selling prices have grown rapidly, and the competitiveness of the economy has been weakened.

Rates of Decline in Labor Productivity

Year	Nonproduction sector of the economy	Industry
1981	-1.5	-1.6
1982	-2.2	-3.1
1983	-3.4	-1.2
1982-83	-2.8	-2.2

Labor productivity in the nonproduction sector of the economy began to decline in 1980 (-0.7 percent), and from year to year the trend has been down, with a rate of -3.4 percent in 1983. The situation is similar in industry.

The effective utilization of production facilities and working capital has been falling for an even longer time. The operating facilities of the non-production sector of the economy have grown faster than has social product, and the technical capacity of labor has grown faster than labor productivity, which has brought about a decline in the efficiency of resource utilization. During the period 1976-81, the technical capacity of labor in the non-production sector of the economy grew at an average rate of approximately 3.9 percent, labor productivity by approximately 1.5 percent, while the efficiency of equipment usage fell by a rate of approximately 1.4 percent. This trend deteriorated in subsequent years. This is also confirmed by the unfavorable rate of capacity utilization compared to capacity potential, which makes production even more expensive under conditions of increasing prices and inflation; it affects the dynamic process of the nominal growth of income, and in this way, under the influence of many factors, increases the discrepancy between nominal and real growth. Thus the level of utilization of industrial capacity during the period 1976-81 came to approximately 80 percent, according to the methodology and data used by the Federal Statistics Bureau. If one also takes into account unused shifts and reserves within the existing work-hours of worker and machine, then utilization of industrial capacity is below 70 percent. In recent years, the situation has become even more unfavorable.

The use of working capital, which makes up over 50 percent of engaged business resources, is characterized by much irrationality, excess, a low and falling turnover coefficient, an unfavorable structure, and high transfer expenses. The turnover coefficient of working capital in the nonproduction sector was 2.8 in 1976, 2.4 in 1980, and only 2.3 in 1982. According to data compiled for the first 9 months of 1983, the level of the turnover coefficient was the same as for the previous year. The process of social reproduction is unfolding at an ever slower pace and with ever increasing expenses. Enormous resources within the economy are being blocked which might be liberated to a great extent and used to speed up economic development with a more efficient organization of the entire production and turnover process.

The exploitation of human potentials is unsatisfactory with regard to time and skills. One in every four workers is absent from the workplace (whether excused or not). Effective work time is less than 5 hours a day. The pressure of employment of nonproduction jobs is ever-increasing. Managerial personnel are increasing at all levels, from basic organizations of associated labor, self-management interest communities, to social-political community organs, and this reflects unfavorably in the social productivity of labor. The material and social motivation for productive and creative work is insufficient.

The growth of labor productivity and the strengthening of other qualitative economic factors lags significantly compared to real potential. The reasons for this are complex. Among the primary are the following. Structural discordances between and within sectors, and periodic discordances within a significant number of reproductive complexes, comprise one factor. The supply of raw materials, energy, and materials for reproduction is unsatisfactory, especially from imports because of the country's balance of

payments problems and the shortage of foreign exchange funds. There have been numerous failures in making investment decisions which were mostly made outside of the influence of associated labor, and often outside the influence of agreed upon development policy.

Up to now, labor has been characterized by a lack of adequate consideration for economic criteria, and the influence of market factors has diminished in strength; this has had a limiting effect on inducing a more qualitative functioning of the economy. Moreover, for the most part the organization of the economic and technical whole has been weak, the infrastructure disorganized, division of labor inadequate, salary leveling has increased as well as pressures on rising prices in order to cover losses and the large expenses of operating with an excessive level of social management.

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CSO: 2800/237

DATA ON USERS OF SOCIAL FUNDS AS OF 31 JANUARY 1984

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 2 Mar 84 p 6

[Table]

[Text] Report of the Yugoslav Public Auditing Service

Monetary Resources of Users of Social Funds as of 31 January 1984

(1) - u milionima dinara -

	(3) Ukupno	(4) žiro računi	(2) Novčana sredstva				(8) plaćeni računi
			(5) rezervi	(6) zajednička potrošnja	(7) izdvojeno za investicije	(9) plaćeni računi	
UKUPNO (9)	904 121	550 298	161 958	44 216	108 904	38 745	
Ukupno (bez banaka) (10)	689 298	451 439	45 994	44 216	108 904	38 745	
OUR IZ PRIVREDE (11)	291 077	176 100	21 781	23 820	61 757	7 619	
OUR IZ DRUŠTVENIH DELATNOSTI (12)	86 847	46 181	8 356	6 635	25 675		
OSTALI I ODREĐENI KDS (13)	21 979	20 640	—	1 339	...		
RADNE ZAJEDNICE (14)	37 400	27 055	24	10 321	...		
BANKE (15)	214 823	98 859	115 964	—	—		
ZAJEDNICE OSIGURANJA IMOVINE I LICA (16)	12 755	9 383	1 908	—	1 464		
BUDŽETI DPZ I ORGANI I ORGANIZACIJE DPZ (17)	65 908	43 775	5 191	—	10 979	5 963	
FONDOVI — svega (18)	23 870	19 114	—	11	...	4 745	
Za razvoj privredno nedov. razvij. područja	1 320	1 320	—	...	...	...
Zajedničke rezerve	3 643	3 643	—	...	...	...
Fondovi DPZ	3 330	3 330	—	...	...	...
Ostali fondovi	10 821	10 821	—	...	...	...
Neraspoređena i ostala sredstva (19)	4 756	—	—	11	...	4 745	
SAMOUPRAV. INTERESNE ZAJEDNICE — svega (20)	117 537	103 481	8 734	2 090	—	3 232	
Materijalne proizvodnje	29 412	28 976	436	...	...	...
Stambeno-komunalne delatnosti	32 329	31 488	841	...	...	...
Zdravstven, invalid, penzijskog osiguranja	22 965	21 336	1 629	...	...	...
Dečje i socijalne zaštite	6 516	5 607	909	...	...	...
Obrazovanja, nauke, kulture i fizičke kulture	13 604	12 095	1 509	...	...	...
Zapošljavanja	1 964	1 739	225	...	...	...
Ostale SIZ iz neprivrede	2 297	2 240	57	...	...	...
Neraspoređena i ostala sredstva	8 450	—	3 128	2 090	...	3 232	
DRUGI NEPOMENUTI KORISNICI — svega (21)	31 925	5 710	—	—	9 022	17 186	
Mesne zajednice	13 124	4 095	—	—	9 029	...	
KDS u likvidaciji	1 615	1 615	—	—	—	...	
Ostalo	17 186	—	—	—	—	17 186	

Key:

1. In millions of dinars
2. Monetary resources
3. Total
4. Checking accounts

[Table continued on following page]

5. Reserves
6. Community consumption
7. Set aside for investment
8. Temporary accounts
9. Total
10. Total (without banks)
11. Organizations of Associated Labor from production sector
12. Organizations of Associated Labor from social sector
13. Other Users of Social Funds
14. Labor organizations
15. Banks
16. Community insurance of persons and property
17. DPZ budgets of both DPZ organs and organizations
18. Funds--total
 - For development of economically underdeveloped provinces
 - Community reserves
 - DPZ funds
 - Other funds
19. Undistributed resources and other resources
20. Self-management interest communities--total
 - Material production
 - Housing-communal activities
 - Health, disability, retirement insurance
 - Child and social welfare
 - Education, science, culture, and physical education
 - Employment
 - Other self-management interest communities from non-production sector
 - Undistributed resources and other resources
21. Other users not mentioned above--total
 - Local communities
 - Users of social funds in liquidation
 - Others

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CSO: 2800/226

VALUE OF EQUIPMENT, MATERIALS IN PROJECTS BUILT ABROAD

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 1 Mar 84 p 11

[Article by Slobodan Sindolic: "Here and There--Equipment; Performance of Investment Projects Abroad"]

[Text] The Long-Range Program of Economic Stabilization devotes a special part of its documents to all those questions relating to the necessity of faster advancement of foreign trade. One of the basic questions involves export, that is, the export of equipment, ships, knowledge, and technology. According to this document, "We have achieved some results up to now in the export of equipment, ships, and in the performance of investment projects abroad, but they are below the level of development of our machinery production and shipbuilding capacities, as well as of our capacities for exporting construction services. Because of the problem of financing, which remains unsolved on a long-term basis, we have not sufficiently directed exports of these products to the developing countries."

There is little that can be added to this statement. It refers especially to the performance of investment projects abroad, whose value in terms of contracted and performed jobs has increased on a fairly regular basis. However, when the movements in the value of completed projects abroad is analyzed, it is not difficult to notice that the value of expended materials and the value of installed equipment from Yugoslavia are a small part of the total value of the projects, and are accompanied by uneven fluctuations.

First Comparisons

A more detailed analysis of construction projects and architectural services over the last few years indicates that the value of contracted and performed projects has increased on a fairly regular basis, while the value of expended materials used during construction which come from Yugoslavia has also recorded an increase, and the value of installed equipment has fluctuated unevenly, tending to decline. This is best seen by analyzing a few basic elements shown in Table 1.

With the exception of the results for the 9-month period of last year, the value of expended materials used during construction which were brought from Yugoslavia increased steadily. The growth rate was even quite pronounced in a few years. On the other hand, the value of installed equipment from

Table 1.

Value in millions of dinars
(Data for first 9 months of 1983)

<u>Value</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Contracted projects	80,842	88,645	126,249	161,256	186,777	184,500
Completed projects	70,870	77,145	105,742	135,400	159,082	114,854
Expended materials	1,630	1,989	2,766	8,223	13,418	2,567
Installed equipment	3,815	3,806	6,006	5,460	3,295	6,439
Number of workers	21,412	20,519	23,155	25,628	31,195	30,519

Yugoslavia in relation to the value of the completed projects varied quite a bit for some years. In 1978, for example, it amounted to 5.38 percent, the next year 4.93 percent, and in 1980 it reached its highest level of 5.67 percent. During the following 2 years, the participation in the total value tended to decrease. In 1981 it came to 4.03 percent, and in 1982 the level was 2.07 percent, while in the 9-month period of 1983 the level of participation was 5.6 percent. Looking at things on the whole, the increase in the number of workers, which is given as an average figure, is not great and is accompanied by the small value of both materials used during construction and installed equipment compared to the total value of the completed projects.

Uneven Participation

The 9-month trends of construction projects and architectural services in 1983 (annual results will be known in May) show where all of our contractors perform construction projects and other work. Moreover, the breakdown is characterized in the following way: of the total value of completed projects, 7,153,700,000 dinars came from the developed countries, 10,696,700,000 dinars from the socialist countries, and 97,003,700,000 dinars from the developing countries (all values are given on the basis of 1 dollar being equal to 63.4 dinars). The participation of expended materials used during construction and the participation of installed equipment in the total value of the completed projects also moved in accordance with these relationships, as can be seen in Table 2.

Table 2.

(in millions of dinars)

<u>Countries</u>	<u>Materials</u>	<u>Equipment</u>
Total	2,567.5	6,439.4
Developed	24.9	--
Socialist	545.7	147.4
Developing	1,996.8	6,291.9

In the developed countries, where the value of completed projects was the least, the value of expended materials used in construction was nominal,

while generally speaking, the value of installed equipment was nil. A somewhat more favorable situation existed in the socialist countries, especially with regard to expended materials, while in the developing countries this value was the greatest. The developing countries had about 77.7 percent of the total value of materials expended during construction. It is not difficult to see that the developing countries participated the most in the total value of installed equipment, with a level of 97.7 percent. It follows from this that the greatest value of completed projects in the developing countries also accompanied the highest level of materials expended for construction and installed equipment from Yugoslavia. At the same time, of the total number of workers in the three quarters of last year (30,519), the majority were on construction sites in the developing countries (an average of 17,621).

On the basis of data of the Federal Bureau of Statistics, Yugoslav contractors worked in a large number of countries on four continents during the 9-month period of last year. Thus, in Europe they performed work with a value of 17,833,600,000 dinars, in Asia the total was 64,127,900,000 dinars, in Africa 32,112,400,000 dinars, and in America 780,200,000 dinars. The amounts of expended materials and installed equipment in the total value of completed projects can be seen from the following comparisons given in Table 3.

Table 3.

(in millions of dinars)		
<u>Region</u>	<u>Material</u>	<u>Equipment</u>
Total	2,567.5	6,439.4
Europe	570.7	147.4
Asia	1,822.5	1,681.9
Africa	174.1	4,468.1
America	0.4	141.9

This order of "export" of materials and equipment was also followed by the corresponding number of workers. Thus, during the three quarters of last year there were on average 12,986 workers on construction sites in Europe (4,329 in the USSR and 4,421 in the Federal Republic of Germany), then there were 12,152 workers on sites in Asia (the most were in Iraq with 11,651), there were 5,425 in Africa (mostly in Libya with 3,440, and in Algeria with 1,119 workers), and there were 46 workers in America (35 in Peru).

When the final data about completed projects abroad become available in the coming months, one will be able to say much more about last year's results. However, what one can say now is that the volume of investment projects carried out abroad, especially regarding the expenditure of materials used in construction and the installation of equipment from Yugoslavia, does not do justice to what we are capable of doing (capacities, workforce, equipment and technology, modern materiel, etc.). The constantly growing demand for investment projects abroad offers a real opportunity for us to become more involved in some regions.

In order to increase this form of export on many levels, especially the export of architectural services, materials and equipment, different management relationships must be created. On the basis of experience, which we have in no mean quantity, it will be necessary to change completely our present policies involving this sort of work with foreign countries. Discussions about the numerous construction projects abroad, especially those involving the construction of apartments in Algeria, the major projects in the Soviet Union, the Federal Republic of Germany, and finally in Iraq, Libya, and in other countries, have demonstrated unambiguously that carrying out these projects above all must "function to create opportunities for increased export of our equipment, knowledge, and technology."

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CS0: 2800/226

STRUCTURE OF SPRING PLANTING; IMPORT NEEDS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Mar 84 p 4

[Article by M. Stajic: "Conditions Favorable for Fulfilling Plans"]

[Text] In the spring of 1984 4.5 million hectares are to be planted: about 756,000 hectares in agricultural organizations, or 16.6 percent, and about 3.8 million hectares, or 84.4 percent, on private farms.

As in previous years, the largest areas are to be planted to corn: 2.4 million hectares, or 52.3 percent of the total area cultivated. If we bear in mind that about 160,000 hectares less were planted to wheat and other crops in the fall planting, we can anticipate that these areas will also be mostly planted to corn. Thus about 115,000 hectares more will be planted than the area planted to that crop in 1983. This increase in area affords the possibility of producing about 12 million tons of corn this year, or about 11.8 percent more than in the previous year. Out of that corn harvest it would be possible to purchase between about 3.5 and 4 million tons, which would entirely meet the needs for commercial consumption, and about 1.5 million tons could also be counted upon for export. As is well known, the largest quantities of corn are produced in SAP [Socialist Autonomous Province] Vojvodina, about 42 percent of the country's total harvest. And while SAP Vojvodina has a surplus, SR [Socialist Republic] Slovenia and SR Macedonia have a marked shortage, so that they meet their needs for corn by purchasing from the grain-growing areas.

Prospects Also for the Export of Sugar

The plan for planting sugar beets this year covers about 188,000 hectares, which is about 47,500 hectares more than in the previous year. The largest areas planted to sugar beets are in SAP Vojvodina and they represent 55 percent of the total area planted to this crop, while the smallest area is planted to this crop in SR Macedonia and SAP Kosovo. From the area planned for planting this year it is possible to produce about 8 million tons of sugar beets, or about 2.5 million tons more than in 1983. That quantity of sugar beets can yield about 1 million tons of sugar, which would entirely meet the needs of commercial consumption and also the needs for commodity reserves, and about 150,000 tons would be left for export.

However, this kind of ambitious plan for planting sugar beets is difficult to carry out. First, the anticipated increase of about 32 percent in the area planted to this crop would have to be achieved on private farms, which because of the very good conditions for marketing corn and because sugar beet production requires greater involvement of live labor are not willing to undertake such a serious obligation. This is also confirmed by the most recent figures on results in contracting for sugar beets. That is, by the end of February 1984 sugar mills had contracted for about 132,000 hectares to be planted, and they estimate that they will be able to contract for no more than another 20,000 hectares, which in all would amount to only about 152,000 hectares.

Oilseed Production Still Inadequate

Although the results to date in concluding contracts for oilseed do afford a certain optimism with respect to planting in the spring, it will be difficult for the plans which have been adopted to be entirely fulfilled. Plans call for planting 115,000 hectares to sunflowers this year, or 39,000 hectares more than 1983, when about 76,000 hectares were planted to this crop. This significant increase in the area planted to sunflowers would make it possible to produce about 215,000 tons of sunflower seed, which would yield about 85,000 tons of oil.

The plan for planting soybeans calls for 137,900 hectares, or 62,000 hectares more than last year. In the fall of 1983 59,000 hectares were planted to rape as an oilseed, or 10,000 hectares more than in the previous year. If all the area planned were planted to oilseed and if the average yield were achieved, processing might yield 200,000 tons of oil at the most, or about 130,000 tons less than needed. Consequently, a sizable oil shortage in the budget should be counted on for the coming economic year as well.

Contracting for the production of sunflower seed and soybeans, although somewhat better than in the same period of last year, is still not satisfactory. By 20 February the area covered by sunflower contracts was only 46 percent of the area planned, and the plan for planting soybeans has been fulfilled at 54 percent. The measures being taken to plant more area to oilseed this year will certainly yield better results than in previous years, but it will not be possible to appreciably diminish the oil shortage in the balance, which in recent years has been very large and has put an appreciable burden on the country's balance of payments because of high imports of vegetable oil.

Rice on the Same Area Again This Year

Plans in SR Macedonia call for planting rice on 8,900 hectares, which is at the level of last year. With the average yield of 4.6 tons per hectare we should anticipate a harvest of about 45,000 tons of rough rice, or about 26,000 tons of hulled rice. These quantities represent only about 50 percent of the country's annual needs.

The plan for tobacco planting was also drawn up rather ambitiously. That is, plans call for planting 63,800 hectares in this crop, which would yield a

tobacco harvest of about 80,200 tons, or 15,200 tons more than in the previous year. As is well known, the largest areas in tobacco are in Macedonia--more than 40 percent of the total area, and then come Croatia, Serbia and Bosnia-Herzegovina. Tobacco is not planted in Slovenia, and very small quantities are planted in Montenegro and Vojvodina.

If the programmed food production is to be achieved in 1984, aside from planting, it will be necessary to furnish adequate quantities of the necessary production supplies, above all fertilizer, chemicals for plant pest and disease control, spare parts for agricultural machines and feed. About 2 million tons of fertilizer are needed for the spring wheat planting this year and to dress the crop later. It is estimated that the domestic industry will fall short about 278,000 tons of nitrogen fertilizers, and it is being proposed that a portion of the shortage of nitrogen fertilizer in the balance be made up through imports.

The National Bank of Yugoslavia has furnished foreign exchange in the amount of \$58 million to import the necessary raw materials for the production of commercial fertilizers. In addition, \$28 million have also been furnished, once again through the National Bank of Yugoslavia, to purchase raw materials for the production of chemicals for plant pest and disease control, \$10 million of it earmarked for the production of chemicals for plant pest and disease control of sugar beets and oilseed.

Another \$4 million have been furnished to import spare parts, tires and other supplies for agricultural machines. In spite of the country's rather pronounced balance-of-payments difficulties, \$90 million have also been furnished to import raw materials for the production of supplies needed for the spring planting. This year this was done in good time, which has not been the case in previous years. Sufficient quantities of seed, corn above all, have also been provided for. But it will still take a broad sociopolitical action at all levels to plant all the arable area in the spring planting and also to ensure that the plans for planting industrial crops are fulfilled, and it will also be indispensable to adjust the prices of those crops to bring them into line with the price of corn.

All the measures taken to date and also the measures which are to be taken in coming months can yield satisfactory results if a broad campaign to carry out the spring planting is synchronized, and additional measures are taken in good time. The very marked shortage of tires for tractors and other agricultural machines and also of V-belts necessitate that special measures be taken to overcome this situation. Specific measures are also envisaged to provide adequate quantities of petroleum products for the spring planting, diesel fuel above all, and if this is not possible, measures are to be taken in good time for agriculture to be given priority in the supply of those products during the planting season.

7045

CSO: 2800/253

STATUS, OUTLOOK IN ALUMINUM PRODUCTION REVIEWED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Mar 84 p 5

[Article by I. Stojiljkovic: "Aluminum Production and Marketing: Downturn in Processing"]

[Text] Slight decline in bauxite production and exports last year. Increased aluminum production. Decrease in processing, along with unstable development of individual production areas.

Nonferrous metallurgy faced a number of problems in 1983, this being reflected in the total development of ore and nonferrous metal production and nonferrous metal processing. Consequently, associated labor organizations in all three of these spheres of activity encountered difficulties in supply of the necessary raw and reproduction materials; this had its effect on production dynamics and supply in process industry. Production was also affected by electric energy restrictions, with far more serious consequences than in other sectors, and quite a few problems also arose from the lack of foreign exchange resources, as a result of which difficulties were created in procurement of the imported substance which occupies an important position in such production.

Basically the same problems were encountered last year by producers of bauxite, alumina, and aluminum, as well as by producers in the sector of aluminum processing. In some areas the production was nevertheless in a more favorable situation than the production and processing of other nonferrous metals.

In 1983 the production of nonferrous metal ores was marked by an index of 103 relative to 1982, nonferrous metal production 105, and nonferrous metal processing 98. In 1982 ore production had an index of 103 relative to 1981, nonferrous metal production 102, and nonferrous metal processing 101.

In the first year of this 5-year planning period, relative to 1982 as the base year, ore production reached an index of 97, nonferrous metal production 98, and nonferrous metal processing 99. This indicates that

over the last 3 years nonferrous metal processing has had the greatest problems with procurement of supplies for production and adherence to the production schedule.

Reserves to a certain extent exhibit a somewhat different trend. This is also seen to be logical when account is taken of the overall relationships in nonferrous metallurgy and the disproportion among raw materials capacities, metal production capacities, and processing capacities. Thus ore stocks last year had an index of 70, nonferrous metals 98, and nonferrous metal processing 102. In 1982 ore stocks were characterized by an index of 126, nonferrous metals 104, and processing 99, while in 1981, with the same comparisons as in the case of production, ore stocks had an index of 80, nonferrous metals 96, and processing 101.

Bauxite production reached the level of 3.5 million tons in 1983, a level somewhat lower than in 1982, when 3.668 million tons were produced, but higher than in 1981, when production amounted to 3.249 million tons. However, the decline in production in 1983 relative to 1982 was not large, since production was marked by an index of 98. In contrast to bauxite, alumina production rose last year, reaching an index of 109, only lead being characterized by more dynamic growth in the nonferrous metallurgy sector, while aluminum processing, with an index of 97, declined.

Positive production trends are being exhibited by production of aluminum in the form of ingots. It has been growing steadily over this 5-year plan period. Thus in 1981 production reached 196,767 tons, in 1982 246,363 tons, and last year 283,559 tons. Domestic raw materials were used to produce 258,174 tons and imported materials to produce 25,385 tons. The same dynamics has characterized rolled aluminum goods and aluminum alloys, although total processing shows a somewhat different tendency. In 1981 the production of rolled goods amounted to 152,527 tons, in 1982 168,314 tons, and last year 168,570 tons. However, the 1983 output of washers amounted to 5,258 tons and had an index of 84, strip aluminum 70,945 tons or an index of 98, foil 5,849 and an index of 93, and stamped aluminum products 31,761 tons or an index of 87, while drawn aluminum products had an index of 105 reflecting an output of 10,242 tons.

As with other nonferrous metals, in aluminum production and processing also export is a necessity for achievement of continuity in production. Thus in 1983 135,000 tons of raw nonalloy aluminum were exported, as against 90,000 tons in 1982 and 58,000 tons in 1981. Imports of 37,000 tons of this product were recorded in 1983, more than in 1982, when 31,000 tons were imported, and less than in 1981, when imports reached 51,000 tons and were approximately equivalent to exports. There has been a constant rise in exports of sheet and strip aluminum, from 12,000 tons in 1981 to 14,000 tons in 1982 and 21,000 tons in 1983. The same dynamics has been exhibited by sheets and strips of aluminum alloys: 24,000 tons in 1981, 25,000 tons in 1982, and 28,000 tons last year.

However, the greatest exports are observed in the case of bauxite, owing to the long-term obligations of manufacturers toward foreign partners. Such exports were almost twice as great as in 1981, when 266,000 tons were exported. In 1982, exports amounted to 600,000 tons and last year were 552,000 tons.

The upturn in the production of bauxite and aluminum ingots, together with certain developments in processing, is bringing about improvement in supply in the reproduction chain and for the domestic market. It must be said that the start-up of new capacities is constantly augmenting the product assortment. This is a matter of particular importance for the domestic market, in which there is growing interest in aluminum products successfully replacing other metals. At the same time, however, there is a certain disparity between supply and demand of individual assortments, a situation caused by exports in the case of some products. Thus, for example, the metal industry is experiencing a shortage of aluminum washers and the electrical industry a shortage of sheet aluminum. Supply of the domestic market is also affected by prices; because of the price level processors are having serious problems in procuring the amounts needed for utilization of their capacities. The jump in the price of aluminum has caused the prices of some producers to equal the price of aluminum industry products.

The same problems will be encountered in these activities in 1984 as in previous years; the current situation in the market will persist and will be aggravated in some sectors because of uneven development of capacities in the aluminum industry and capacities in process industry. This situation will make it necessary gradually to replace the conventional buying and selling relationships with linking on the basis of income, in order to eliminate disparities in development and production bottlenecks.

6115

CSO: 2800/243

SHORTCOMINGS IN BARTER TRADE DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 13 Mar 84 p 3

[Article by S. Sindolic: "An Accompaniment of Trade"]

[Text] The 1983 barter transaction results exhibit many advantages and disadvantages. Such arrangements, based on economic calculations and general interests, should not disrupt, reduce, or threaten regular trade with foreign countries based on cash payment.

In past years barter transactions between Yugoslav labor organizations and foreign partners have been more than symbolic. In 1982, for example, they amounted to 2.6 percent of total exports and about 2 percent of imports, with a minimal payment surplus of 5.7 million dollars. Although the data for 1983 are still being processed, initial examination shows, on the basis of incomplete data, that there has been a substantial increase in trade arrangements of this kind. It is estimated that such transactions amounted to almost 12 percent of total exports, or about 1.33 billion dollars, contributing to creation of a surplus of around 160 million dollars. There is a long list of products exported and imported in 1983 on the basis of barter arrangements. Citrus fruits were imported in exchange for exports of furniture, wooden crates, and canned goods. Beer was exported for bottle caps, and canned goods were exported in exchange for meat. High energy coal was obtained for ready-to-wear clothing and footwear, beef for pork, and white wine for red wine. Cotton was received as payment for construction work, fuel was obtained in exchange for deliveries of electric energy, etc.

The results of operations last year also showed that individual labor organizations sought solutions in such arrangements at times of shortages of raw materials or foreign exchange. On the basis of finished product exports, the Rudnik Clothing Industry Enterprise in Gornji Milanovac procured fabrics it needed, this permitting increase in exports to the convertible currency market. Exports of cosmetics enabled the Ilirija-Vedrog Pharmaceutical Industry Enterprises in Ljubljana to obtain valuable raw materials to increase its production and export volume. Similar arrangements were also made in 1983 by Droga in Portoroz and Pliva in Zagreb, and also by Uljanik in Pula (exports of metal containers and

imports of reproduction materials for ships), Makadonijatabak in Skoplje (imports of motor vehicles and exports of raw tobacco for reserves, etc). In this context the Barter Transaction Commission of the Federal Secretariat of Foreign Trade last year received about 6,500 applications from labor organizations, only about 50 percent of which were approved.

Also to be regarded as a positive effect of barter transactions is the fact that in 1983 they reduced the shortage of certain products of very great importance in total supply of the population (coffee, oil, sugar, raw materials for detergents, meat, drugs, etc). Barter transactions made it possible to obtain very large amounts of livestock feeds, chemical fertilizers, certain iron and steel products, and other products for industrial and agricultural needs. On the other hand, an increase was observed in exports of products which previously had been exported only in small quantities (canned goods, cookies, candies, processed fruits and vegetables, alcoholic beverages, cigarettes, knitwear, basketware, and the like).

It is too early to speak of the full impact of barter transactions, but even now certain deficiencies may be pointed out: isolated arrangements, unorganized purchasing for exports, disparity of export and import prices, exportation of goods from branch and importation for another branch, and inclusion in barter transactions of goods which otherwise could be exported within the framework of commodity exchange or commercial exchange. More detailed analysis of what federal and republic agencies have observed could unquestionably contribute toward assessment of the actual value of these and similar transactions. What can definitely be stated with a high degree of confidence is the need for better organization in conclusion of barter transactions, whether within the framework of appropriate groups or in that of general associations. I think it clear that less is accomplished with individual arrangements than with arrangements which include or "represent" a goodly number of organizations. Thus it is justified to suggest that a balance sheet of needs first be drawn up in labor organizations, and that the organizations make a suitable collective offer on the foreign market in order to obtain more favorable prices. This would be the best method of securing certain quantities of reproduction and raw materials and of marketing Yugoslav goods at the most favorable prices and on the most favorable terms.

Individual countries are entirely justified in trying to increase commodity exchange also by means of barter transactions. The most recent research shows that about 45 percent of world trade is conducted on the basis of these and similar arrangements. Yugoslav experts also point out the numerous advantages of this mode of operation. They also point out, however, that it is in the interest of society at large for transactions of this kind not to be carried out on an "at any cost" basis. What is even more important is that they should not disrupt, reduce, or threaten regular trade with foreign countries based on cash payment. In other words, barter transactions based on economic calculations and general interests can and should be promoted and developed, but primarily as an accompaniment to total trade with foreign countries, or to express it better, as a supplementary factor in foreign trade and in collective, organized action in established and new foreign markets.